



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
Phone (512) 266-1111 • Fax (512) 266-2790

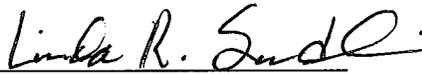
Notice is hereby given pursuant to V.T.C.A., Government Code § 551, that the Board of Directors of Travis County Water Control and Improvement District No. 17 will hold a regular meeting, open to the public, on Thursday, March 16, 2017, at 6:00 p.m., at the Travis County Water Control and Improvement District offices, at 3812 Eck Lane.

The Consent Agenda allows the Board of Directors to approve all routine, non-controversial items with a single motion, without the need for discussion by the full Board. Any item may be removed from consent and considered individually upon request of a Board member or a member of the public attending the meeting. Any citizen having interest in these matters is invited to attend.

Items on the Agenda

- I. CALL TO ORDER
- II. ESTABLISH A QUORUM
- III. MANAGER AND COMMITTEE REPORTS
 - A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING
 - B. COMMITTEE REPORTS
 1. COMMUNICATIONS / PARKS AND CONSERVATION COMMITTEE REPORT
 2. LEGAL COMMITTEE REPORT
 3. PLANNING COMMITTEE REPORT
 4. BUDGET AND FINANCE COMMITTEE REPORT
 5. POLICY COMMITTEE REPORT
 6. IMPACT FEE ADVISORY COMMITTEE
 7. STORMWATER COMMITTEE
- IV. CONSENT AGENDA
 - A. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE DISTRICT
 1. Eck Lane WTP Backwash Improvements, Pay Estimate #12, Protta Construction Inc. and Protta Inc., JV
 2. Flintrock Wastewater Treatment Plant Expansion, Pay Estimate #10; PLW Central Texas.
 3. Apache Shores Water Line Improvements – 2016, Pay Estimate #4, Protta Construction, Inc.
 4. Steiner Ranch Lift Station No. 6 Improvements, Pay Estimate #4, Austin Engineering Co., Inc.
 - B. APPROVE PAYMENT OF CURRENT INVOICES
 - C. APPROVE MINUTES – Regular Meeting held February 16, 2017 and Special Meetings held February 7, 8, 13, 17 and 22, 2017
- V. PUBLIC COMMENT, 6:30 P.M.
- VI. OLD BUSINESS
 - A. DISCUSS/CONSIDER/TAKE ACTION ON ACQUISITION OF 21.49 ACRE FEET OF WATER RIGHTS FROM
 1. 239 RIO VISTA, 13.50 ACRE FEET; AND
 2. THL RANCH LTD., 7.99 ACRE FEET
 - B. DISCUSS/CONSIDER/TAKE ACTION ON TACARA 24" WATERLINE OVERSIZING INSTALLATION, CHANGE ORDER REQUEST BY CASEY DEVELOPMENT
- VII. NEW BUSINESS
 - A. DISCUSS/CONSIDER/TAKE ACTION ON A RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION AT THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF THE ENGINEERING PROJECT AND THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA UNLIMITED TAX BOND ISSUE, SERIES 2017-A, BOND NO. 3

- B. DISCUSS/CONSIDER/TAKE ACTION WITH RESPECT TO THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 FLINTROCK RANCH ESTATES DEFINED AREA UNLIMITED TAX REFUNDING BONDS SERIES 2017 TO INCLUDE:
 - 1. ORDER AUTHORIZING THE ISSUANCE OF TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 FLINTROCK RANCH ESTATES DEFINED AREA UNLIMITED TAX REFUNDING BONDS;
 - a. LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;
 - b. APPROVING AN OFFICIAL STATEMENT;
 - c. AUTHORIZING EXECUTION OF A BOND PURCHASE AGREEMENT, AND THE FORM OFFPAYING AGENT/REGISTRAR AGREEMENT;
 - d. AUTHORIZING EXECUTION OF AN ESCROW AGREEMENT; AND
 - e. ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING ONE OR MORE SERIES OF BONDS AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS.
 - 2. AUTHORIZING PAYMENT OF ATTORNEY GENERAL BOND REVIEW FEE.
- C. DISCUSS/CONSIDER/TAKE ACTION REGARDING THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17 STORMWATER MANAGEMENT PROGRAM TPDES PHASE II MS4 GENERAL PERMIT (TXR040000) THIRD ANNUAL REPORT TO BE SUBMITTED TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
- D. DISCUSS/CONSIDER/TAKE ACTION ON AMENDED AND RESTATED BIG DAVE TOWER LEASE AGREEMENT WITH VERIZON
- E. DISCUSS/CONSIDER/TAKE ACTION ON THE EMPLOYMENT CONTRACT FOR THE DISTRICT GENERAL MANAGER.
- F. DISCUSS/CONSIDER/TAKE ACTION ON THE UTILITY OPERATIONS AND SERVICE AGREEMENT BETWEEN THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17 AND THE VILLAS ON LAKE TRAVIS
- VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071 AND 551.072, REGARDING THE APPROVAL OF CONTRACTS TO ACQUIRE WATER RIGHTS FOR IRRIGATION
- IX. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, REGARDING TACARA 24" WATERLINE OVERSIZING INSTALLATION, CHANGE ORDER REQUEST BY CASEY DEVELOPMENT
- X. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, REGARDING THE BIG DAVE TOWER LEASE AGREEMENT WITH VERIZON
- XI. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071 AND 551.074, REGARDING THE EMPLOYMENT CONTRACT FOR THE DISTRICT GENERAL MANAGER
- XII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, REGARDING THE UTILITY OPERATIONS AND SERVICE AGREEMENT BETWEEN THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17 AND THE VILLAS ON LAKE TRAVIS
- XIII. ADJOURNMENT


 Linda R. Sandlin
 Administrative Assistant





TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
Phone (512) 266-1111 • Fax (512) 266-2790

*Regular Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Thursday, **February 16**, 2017 at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.*

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I. CALL TO ORDER

President Roberts called the meeting to order at 6:00 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of all Directors present; Roberts, Carruthers, Decker, Steed and Ward. General Manager Deborah Gernes, General Counsels Lauren Kalisek and Ashleigh Acevedo, District Engineer Will Pena, District Financial Advisor Garry Kimball, and Auditors, Nancy Olsen and Ashley Martin of McCall Gibson Swedlund Barfoot PLLC were also present.

III. MANAGER AND COMMITTEE REPORTS

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

General Manager Gernes reported that in addition to her written report:

- She is working on year-end reports to various agencies
- Texas Commission on Environmental Quality (TCEQ) placed the District on Notice of Violation for failure to submit proof of nitrate monitoring and reporting during the first and second quarter reporting period for the Mansfield Water Treatment Plant (MWTP). She said reports were not performed because the plant was not online during this time and that the District was working with TCEQ to correct this notice.
- Two minor vehicle accidents had occurred where our staff was at fault and that claims had been submitted to Texas Municipal League
- Parking lot improvements were being bid for the Eck Lane facility to include striping
- Installation of security cameras was being worked on both at the office and at the Mansfield facility
- Distribution waterline burn-out has been scheduled for April and May 2017. She said the District was in need of this free chlorine maintenance which had not been done during the drought years. She said notices would go out to customers and notices would be personally taken to health care centers and hospitals.
- An amendment to the Verizon contracted monthly rent, that had been in place several years, was being drafted for the tower site lease agreement at Big Dave's location

- With the new Water Rights acquired for irrigation, the contract with the Lower Colorado River Authority (LCRA) for raw water is being studied to determine if it is cheaper to pay reservation fees all at once and then use the right, or if the District should simply wait the required time to reduce the contract
- Manager Gernes stated that three bills had been filed this session by Representative Workman: Texas HB 1523 relating to the creation of a Special Utility District for Southwest Travis County; Texas HB 922 relating to creation of the Southwestern Travis County Groundwater Conservation District; and Texas HB 605 relating to the consideration by the Texas Commission on Environmental Quality of the economic impact of an appropriation of state water in determining whether to grant an application for the appropriation
- District projects status were reviewed
- FY2016 water statistics were distributed to the Board

B. COMMITTEE REPORTS

1. **COMMUNICATIONS / PARKS AND CONSERVATION COMMITTEE REPORT**
2. **LEGAL COMMITTEE REPORT**
3. **PLANNING COMMITTEE REPORT**
4. **BUDGET AND FINANCE COMMITTEE REPORT**
5. **POLICY COMMITTEE REPORT** – Manager Gernes reported that the Policy Committee met February 15 and the report from the Committee would be discussed under agenda item VII. C.
6. **IMPACT FEE ADVISORY COMMITTEE**- Director Decker requested a timeline for the Impact Fee Advisory Committee to meet and Manager Gernes stated it would most likely be summer of 2017
7. **STORMWATER COMMITTEE**

IV. CONSENT AGENDA

A. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE DISTRICT

1. **Eck Lane WTP Backwash Improvements, Pay Estimate #12, Prota Construction Inc. and Prota Inc., JV**
2. **Flintrock Wastewater Treatment Plant Expansion, Pay Estimate #10, PLW Central Texas.**
3. **Apache Shores Water Line Improvements – 2016, Pay Estimate #4, Prota Construction, Inc.**
4. **Steiner Ranch Lift Station No. 6 Improvements, Pay Estimate #4, Austin Engineering Co., Inc.**

B. APPROVE PAYMENT OF CURRENT INVOICES

C. APPROVE MINUTES – Regular Meeting held January 19, 2017, Special Meetings held January 28, February 7 and February 8, 2017

Director Roberts asked if there were any questions regarding items on the Consent Agenda and there were none

Motion: Director Steed to approve the Consent Agenda as presented, excluding the minutes of February 7 and February 8 which were not presented

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

V. PUBLIC COMMENT, 6:30 P.M.

President Roberts opened Public Comment at 6:25 p.m. No public was present at the time.

President Roberts left Public Comment open for anyone that may arrive and wish to address the Board of Directors

Motion: Director Decker to close Public Comment

Second: Director Carruthers

Ayes: 5

Noes: 0

Unanimous

President Roberts closed Public Comment at 7:18 p.m.

VI. OLD BUSINESS

A. DISCUSS/CONSIDER/TAKE ACTION REGARDING SEARCH FOR NEW GENERAL MANAGER

Tabled with no action

B. DISCUSS/CONSIDER/TAKE ACTION ON ACQUISITION OF 21.49 ACRE FEET OF WATER RIGHTS FROM

1. 239 RIO VISTA, 13.50 ACRE FEET; AND

2. THL RANCH LTD., 7.99 ACRE FEET

Manager Gernes reported that the current Water Right owners were researching the ownership history. Tabled with no action

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VII. NEW BUSINESS

A. DISCUSS/CONSIDER/TAKE ACTION ON THE RECOMMENDATIONS OF THE DISTRICT'S FINANCIAL ADVISOR'S FOR THE NOT TO EXCEED LIMIT ON THE SIZE FOR THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA UNLIMITED TAX BONDS, SERIES 2017-A, BOND NO. 3

District Financial Advisor Garry Kimball reviewed the recently released estimated 2016 Travis County Appraised Value of \$134,414,932, based on continued development as of January 1, 2017, for the Serene Hills Defined Area. He stated that this estimated value would mean that the District could issue an investment grade bond without using a growth analysis and that he would recommend a not to exceed amount of \$7,000,000 for a Series 2017-A, Bond No. 3.

Motion: Director Steed to authorize the application process with an amount not to exceed \$7,000,000 for the Serene Hills Defined Area Unlimited Tax Bonds, Series 2017-A, Bond No. 3

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

B. DISCUSS/CONSIDER/TAKE ACTION ON APPROVAL OF THE FINANCIAL AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.

Nancy Olsen of McCall Gibson Swedlund Barefoot PLLC (McGSB) introduced herself as one of the independent auditors who audited the financial activities of the District for the Fiscal Year 2016 (FY16). Ms. Olsen reviewed the unqualified opinion letter of the District's financial statements stating that it was the best possible result. She then reviewed the Statement of Net Position and Governmental Funds Balance Sheet, Revenues, Expenditures and Change in Fund Balance. Bond series for the Steiner Ranch Defined Area that were refinanced in FY16 were reviewed showing an overall debt service savings of \$1,847,265 for Series 2016 and overall debt service savings of

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\$659,683 for Series 2009. Note 15 of the audit was reviewed to describe the District's government-wide financial statements as of and for the year ended September 30, 2015, to correct certain misstatements. Ms. Olsen stated that these modifications with respect to the previous misstatements did not change McGSB's opinion that the District's information is fairly stated.

Director Steed asked for clarification of the language used in the management letter that addressed a "management deficiency" regarding the preparation of the financial statements. Ms. Olsen explained that this deficiency statement is a GASB required notification if the auditors prepare the complete set of financials, which is common to most small entities and refers to the fact that these entities do not have a Certified Public Accountant (CPA) prepare the complete financial statements including notes and schedules for audit review. The deficiency does not refer to the District's management. Director Carruthers asked how large an entity would be before a CPA was hired to do statements. Ms. Kalisek replied that almost none of her clients had CPAs, even large entities, because it did not make financial sense to pay a CPA to produce the report that the auditors would then duplicate as part of the review and report process.

Ms. Olsen then reviewed the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual of the General Fund for FY16; Services and Rates for water and wastewater retail connections; total water consumption accounting of 92.2 percent; and Taxes Levied and Receivable. Ms. Olsen concluded her presentation by commending the excellent staff cooperation and organization.

Motion: Director Ward to approve the Financial Audit for the period ending September 30, 2016 as presented

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

District Accountant reminded the Directors that at the close of the meeting she would need each one to sign a Management Representation Letter for the auditors.

C. DISCUSS/CONSIDER/TAKE ACTION ON THE POLICY COMMITTEE'S RECOMMENDATIONS FOR UPDATES TO THE DISTRICT'S SERVICE RULES AND POLICIES, TO INCORPORATE MECHANICAL REVISIONS, FEES AND ADOPTIONS TO INCLUDE:

1. PERSONNEL POLICY 2.24, DRESS CODE AND PERSONAL APPEARANCE, CLARIFICATION REGARDING UNIFORM PROCEDURE; AND

Manager Gernes explained that the District Policy Committee met to discuss a new contract she entered with Cintas Corporation to provide shirt and pant uniform service for field staff. She explained to the Directors the services to be provided by Cintas and that the current staff allowance of \$500 for purchasing uniforms would be used to cover the rental payment for uniforms. She said the committee was recommending a minor change to the personnel manual to reflect this change of allowance. A smaller allowance, to be determined annually by the General Manager, would remain to cover the purchase of steel toed safety shoes or boots that are to be worn daily by field staff.

2. FEES ASSOCIATED WITH ELECTRONIC PAYMENT ACCEPTANCE

District Accountant, Leslie Terrell reviewed the District's processing fee history and the new transaction fees which are charged to the District every time a credit card or bank draft (ACH) is processed. Ms. Terrell stated that On-line Bill Pay went live on Wednesday, February 15, 11:00 a.m. She said at the Policy Committee meeting, the fees of five other utilities were discussed for comparison, and it was determined that the committee would like to recommend establishment of two fees to recapture expenses the District would otherwise absorb. The first fee of \$2.00 would be charged only when a staff member processes a customer's monthly payment on the phone or in person. This is called an "agent" fee. A customer making a monthly payment by cash, check or auto-pay would not be assessed an agent fee. The second fee would be assessed only when a customer or builder pays by credit card for large fees such as startup fees, impact fees, tap fees, etc. She stated that these startup fees can add up to several thousand dollars and a processing fee of 3 percent per-transaction would recover the associated large charges to the District by the credit card companies. Anyone paying startup/connection fees by cash or check would not be assessed a processing fee.

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Motion: Director Steed to adopt the recommendations to both the Personnel Policy 2.24 and assessment of fees associated with electronic payments as presented; effective immediately.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

**D. DISCUSS/CONSIDER/TAKEACTION ON TACARA 24” WATERLINE
OVERSIZING INSTALLATION,**

CHANGE ORDER REQUEST BY CASEY DEVELOPMENT.

Manager Gernes reviewed the 24-inch waterline oversizing installation agreement with Casey Development. All sections of waterline are complete except for an 840 foot section that District 17 is responsible to pay for. The plans for this section were not submitted to the City of Austin (City) or Travis County in a timely manner by the developer. During the City’s review, it was determined that the waterline would have to be installed under an existing creek on the property. This requirement will necessitate boring under the creek and significant additional costs for the District. The developer now has a re-bid for this segment that generated a change order in an amount of \$226,120.29 which they say WCID 17 needs to pay in its’ entirety. The General Manager stated that she felt the District should not be 100 percent responsible for the change order because the developer had not included this segment in the initial plan submittal to the City of Austin. *This failure to submit caused a large delay and a large portion of the change order is re-mobilization and spoils haul off.* She said she had offered the developers an option to split the costs which they flatly refused to do. *Discussion was held with Directors requesting a letter be sent to the Developer by the District’s attorney.*

Tabled

VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, AND FOR PERSONNEL MATTERS, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.074, REGARDING THE SEARCH FOR A NEW GENERAL MANAGER.

Executive Session not held

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IX. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071 AND 551.072, REGARDING THE APPROVAL OF CONTRACTS TO ACQUIRE WATER RIGHTS FOR IRRIGATION
Executive Session not held

X. ADJOURNMENT

Motion: Director Carruthers to adjourn

Second: Directors Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 7:19 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
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Special Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Tuesday, February 7, 2017 at 5:45 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.

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I. CALL TO ORDER

President Roberts called the meeting to order at 5:55 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of four Directors present; Roberts, Decker, Steed and Ward. General Manager Deborah Gernes was also present with some staff in attendance. Director Carruthers arrived at 6:01 p.m.

III. MANAGER REPORT

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

Manager Gernes gave a few updates.

- She informed the Directors that the videoconferencing interviews would be recorded.
- She reported that the Eck Lane Backwash Improvement Project was complete and now being tested. She said chemicals have been ordered and the system would go into live use during the week of February 13.
- Ms. Gernes stated that the Apache Shores waterline replacement to 8-inch lines on Platte Pass and Rainwater Drive were now complete.
- Ms. Gernes reported that the cement work for the Flintrock Wastewater Treatment Plant Expansion was near completion and the work pace is moving forward in a timely manner.
- Ms. Gernes explained that decant valves were replaced at the Steiner Ranch Wastewater Treatment Plant with new design valves which work better.
- President Roberts asked for a progress report on the Villas on Travis Condominium wastewater plant. Ms. Gernes said that she had met with the Villas Board President and the Villas wishes to repair the plant. The Villas operator contract is due for renewal March 1. She stated that the contract would be reviewed with the new Board for potential changes. She further reported that numerous water leaks in the older section of the condominiums were being

discovered on the Villas side of the system and that it is difficult to pin point because it is not known which meter serves which building. She stated that when the building was done in the 1960's, they were allowed to set a meter for two plus buildings together and no one has a layout of the private water system. Gernes said she recommended to Villas President Gold that she consider having her management company test the system and create a master map of the service lines.

IV. CONDUCT INTERVIEWS OF CANDIDATES FOR GENERAL MANAGER POSITION

Candidate 1 interview was held in person from 6:02 p.m. to 7:10 p.m. After introductions were made, President Roberts opened the questions with how the candidate would deal with difficult / demanding situations. Other topics discussed were team building; customer service; technology use, implementation and experience; drought protection of water supply; aspirations; philosophy of dealing with difficult customers; management practices; bonding experience; salary and human resource experience; as well as rate setting and tax experience. President Roberts requested availability and candidate replied that he would appreciate time to give sufficient notice to current obligation with no other time constraints.

Candidate was thanked and told the Board would be in touch soon. *Candidate left at 7:10 p.m.*

President Roberts called for recesses at 7:10 p.m. Roberts called the meeting back to order at 7:40 p.m. with all Directors present.

Candidate 2 interview was held via videoconferencing from 7:45 p.m. to 8:57 p.m. President Roberts introduced each Director to the candidate and extended welcome. The candidate was informed the interview was being recorded. President Roberts requested the candidate elaborate on her current position and how the experiences would relate to the General Manager opportunity. Other topics discussed included philosophy of project management; utility experience in establishing infrastructure along the US/Mexican border; budgeting experience; human resource; accounting skills and the development brought about by adding infrastructure. Candidate was given an opportunity to ask any questions which lead to discussions of the District's Capital Improvement Plan; staff turnover rate; and areas without wastewater service. President Roberts requested

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availability and candidate replied that she hoped to relocate in July, 2017 with final obligation to current position being October 15, 2017.

Thank you was extended by the Board and the candidate with videoconference disconnecting at 8:57 p.m. A full copy of the videoconference is available at the District administration office.

V. ADJOURNMENT

Motion: Director Carruthers to adjourn

Second: Directors Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 8:58 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

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Special Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Wednesday, February 8, 2017 at 5:45 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.

DRAFT

I. CALL TO ORDER

President Roberts called the meeting to order at 5:55 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of all Directors present; Roberts, Carruthers, Decker, Steed and Ward. General Manager Deborah Gernes was also present with some staff in attendance.

III. MANAGER REPORT

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

The General Manager had no updates for the Board. President Roberts requested any questions prior to calling the first candidate for the evening and there were no concerns regarding the format.

IV. CONDUCT INTERVIEWS OF CANDIDATES FOR GENERAL MANAGER POSITION

Candidate 3 interview was held via videoconferencing from 5:59 p.m. to 6:56 p.m. During the course of the interview there were four short disconnects caused by dropped signal that lasted less than one minute each while redial/reconnection was made.

At the close of the first interview, a recess was called by President Roberts at 7:00 p.m. and the meeting called back to order at 7:53 p.m. with all Directors present.

President Roberts instructed the Directors that at the conclusion of Candidate 4 interview he would like for a brief discussion to be held to determine if other candidates needed to be notified for an interview.

Candidate 4 interview was dialed in and held via videoconferencing from 8:03 p.m. to 8:51 p.m. There were no Skype connection issues.

At the beginning of each interview, President Roberts introduced each Director to the candidate and extended welcome. Each interviewee was informed the interview was being recorded. Topics discussed: current position and background; staff development; philosophy of balancing differing interests of staff, customers, developers and rate payers; negotiation skills; inspiration along career path; accounting / bonding experience; technology use; water supply protection during times of drought; varying philosophies; human resource experience; management philosophies; as well as

any relocation issues and timeframe of availability. Each candidate was given the opportunity to ask questions of the Directors.

Each candidate was thanked at the close of interview and told that a call would be placed to each within two weeks. A full copy of the videoconference is available at the District administration office.

At the close of interview two, a discussion was held to determine if other candidates should be notified for an interview and the consensus was that any one of the four candidates interviewed could serve District 17 well, but it was a matter of finding the best fit.

Motion: Director Ward to invite Candidates Two and Three to Austin as soon as possible for a face-to-face interview at the expense of the District.

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts asked the General Manager to notify all pending candidates below the top ten that they will not be considered further for the position of General Manager of the District.

V. ADJOURNMENT

Motion: Director Carruthers to adjourn

Second: Director Ward

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 10:00 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

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Special Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Wednesday, February 13, 2017 at 5:45 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.

DRAFT

I. CALL TO ORDER

President Roberts called the meeting to order at 6:02 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of Directors Decker, Roberts, Steed and Ward present. Manager Deborah Gernes was also present with some staff in attendance. Director Carruthers arrived at 6:08 p.m.

III. MANAGER REPORT

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

No action

IV. CONDUCT INTERVIEWS OF CANDIDATES FOR GENERAL MANAGER POSITION

President Roberts welcomed Candidate 3 to WCID 17 and introductions were made. *Candidate 3 spent the day touring the District facilities with General Manager Gernes. At 6:03 p.m.,* President Roberts welcomed Candidate 3 and asked if the candidate had any questions after seeing the District today. The candidate stated that he was very impressed with what the Board and General Manager had built since the inception of the District. Topics discussed: Successes to be made over the first 12-months; ability to work with consultants; utility experience; what would candidate miss about previous position; communication philosophies and availability. *Candidate 3 departed at 6:57 p.m.*

President Roberts asked if any Director would like to go into Executive Session and no Director did. Manager Gernes reviewed the day spent with the candidate.

V. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, AND FOR PERSONNEL MATTERS, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.074, REGARDING THE SEARCH FOR A NEW GENERAL MANAGER

Executive Session not held.

VI. ADJOURNMENT

Motion: Director Carruthers to adjourn

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 7:20 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
Phone (512) 266-1111 • Fax (512) 266-2790

*Special Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Wednesday, **February 17**, 2017 at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.*

DRAFT

I. CALL TO ORDER

President Roberts called the meeting to order at 6:00 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of Directors Decker, Roberts, Steed and Ward present. Director Carruthers was absent. Manager Deborah Gernes was also present with some staff in attendance.

III. MANAGER REPORT

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

No action

IV. CONDUCT INTERVIEWS OF CANDIDATES FOR GENERAL MANAGER POSITION

At 6:01 p.m., President Roberts welcomed Candidate 2 to WCID 17 and introductions were made. Candidate 2 spent the day touring the District facilities with General Manager Gernes. President Roberts asked if the candidate had any questions after seeing the District today. The candidate commended the Board and General Manager for the efficient operation she observed throughout the course of the day. Topics discussed: Successes to be made over the first 12-months; budget and planning experiences; growth potential; utility experience; working with river authority experience; fluoride use; and availability. Interview concluded at 7:16 p.m. and the Candidate left the meeting.

A recess was called by President Roberts at 7:16 p.m. and the meeting called back to order at 7:25 p.m. with four Directors present.

President Roberts asked if any Director would like to go into Executive Session and no Director did. Manager Gernes reviewed the day spent with the candidate.

President Roberts asked if it would be helpful to have Candidate 1 return for another interview and the consensus was that it would not be necessary.

President Roberts instructed the General Manager on notification of all candidates and called a meeting for Wednesday, February 22, 2017 at 6:00 p.m. to discuss, consider and potentially take action regarding the General Manager position.

V. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, AND FOR PERSONNEL MATTERS, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.074, REGARDING THE SEARCH FOR A NEW GENERAL MANAGER

Executive Session not held.

VI. ADJOURNMENT

Motion: Director Ward to adjourn

Second: Directors Decker and Steed

Ayes: 4

Noes: 0

Unanimous

President Roberts adjourned the meeting at 7:59 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
Phone (512) 266-1111 • Fax (512) 266-2790

Special Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Wednesday, February 22, 2017 at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.

DRAFT

I. CALL TO ORDER

President Roberts called the meeting to order at 6:01 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of all Directors present; Roberts, Carruthers, Decker, Steed and Ward. General Manager Deborah Gernes was also present with some staff in attendance.

III. MANAGER REPORT

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

Manager Gernes reported that in addition to her written report

- The Texas Commission on Environmental Quality (TCEQ) Natural Resources Specialist Drinking Water Quality Team sent an email stating that the first and second quarter monitoring and reporting violations for nitrate had been cancelled. Manager Gernes explained that Water Operations Supervisor Thurman Carlisle immediately sent information to the Drinking Water Quality Team verifying that the Mansfield Water Treatment Plant had not been online during this reporting time.
- An email from one of the top ten candidates requesting reinstatement into the hiring process after he withdrew had been received by Director Steed and General Manager Gernes read the email to the Board.

IV. DISCUSS/CONSIDER/TAKE ACTION REGARDING OFFER TO CANDIDATE FOR THE GENERAL MANAGER POSITION

President Roberts asked if anyone felt the candidate's email request before the Board should be considered to allow the candidate back onto the potential list, if it was not too late. The Board consensus was the candidate should not be allowed back into the process at this late date.

President Roberts reviewed the top four candidates and called for a straw poll vote of the Directors. At the conclusion of the poll a discussion was held regarding the process of making an offer and points to include: type of background screening and physical to be

conducted, same as all District new hires; reference checks; verification of education; American Water Works Association compensation guidelines; salary; relocation allowance; and that a term sheet should be designed by the President and General Manager to include these points.

Motion: Director Ward to offer the position of General Manager to Jason F. Homan with an annual salary of \$108,000 and a \$5,000 allowance for moving expenses, contingent upon the outcome of the necessary reference and background checks.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

V. **THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, AND FOR PERSONNEL MATTERS, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.074, REGARDING THE SEARCH FOR A NEW GENERAL MANAGER.**

Executive Session was held from 7:14 p.m. to 7:20 p.m. No action taken in Executive Session.

VI. **ADJOURNMENT**

Motion: Director Carruthers to adjourn

Second: Director Ward

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 6:54 p.m.

Motion: Director Ward stated the motion to adjourn was premature and she would like to reconvene the meeting to make the offer to Mr. Homan

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts called the meeting back to order at 7:02 p.m. with all Directors present and having never left the table. He then called for a recess to call Mr. Homan. *During the recess of 7:02 p.m. to 7:14 p.m. an offer was made to Jason F. Homan.*

The meeting reconvened at 7:14 p.m. and Executive Session V. was opened by President Roberts.

At the close of Executive Session it was announced that Mr. Homan had submitted a counter offer to accept the position of General Manager of Travis County Water Control and Improvement District No. 17. The counter offer was for an annual salary of \$110,000 with all other terms to remain.

Motion: Director Ward to accept the counter offer of \$110,000 annual salary with all other terms remaining for Jason F. Homan contingent upon the outcome of the necessary reference and background checks.

Second: Director Decker and Director Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts called for recess at 7:21 p.m. to call Mr. Homan. He then reconvened the meeting at 7:27 p.m. with all Directors present.

Roberts announced that during the recess Mr. Homan accepted the position of General Manager. Roberts said he and Manager Gernes would follow-up with an official offer letter to Mr. Homan and should know within a couple of weeks the results of the reference checks, physical and other terms that will be included in the official letter.

Motion: Director Carruthers made a motion to congratulate Manager Gernes and staff for an excellent job of handling all the extra work during this hiring process

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

Motion: Director Carruthers to adjourn

Second: Directors Decker and Ward

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 7:31 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary



TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17

3812 Eck Lane • Austin, Texas 78734
Phone (512) 266-1111 • Fax (512) 266-2790

*Regular Meeting of the Board of Directors of Travis County Water Control and Improvement District No. 17 was held at the District office located at 3812 Eck Lane on Thursday, **February 16**, 2017 at 6:00 p.m. This meeting was scheduled and conducted in compliance with the Texas Open Meetings Act.*

DRAFT

I. CALL TO ORDER

President Roberts called the meeting to order at 6:00 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of all Directors present; Roberts, Carruthers, Decker, Steed and Ward. General Manager Deborah Gernes, General Counsels Lauren Kalisek and Ashleigh Acevedo, District Engineer Will Pena, District Financial Advisor Garry Kimball, and Auditors, Nancy Olsen and Ashley Martin of McCall Gibson Swedlund Barfoot PLLC were also present.

III. MANAGER AND COMMITTEE REPORTS

A. MANAGER'S REPORT: STATUS OF DISTRICT OPERATIONS, FINANCES, DISTRICT CONSTRUCTION PROJECTS, DEVELOPER CONSTRUCTION PROJECTS, DISTRICT ADMINISTRATION AND MANAGEMENT, DISTRICT PLANNING

General Manager Gernes reported that in addition to her written report:

- She is working on year-end reports to various agencies
- Texas Commission on Environmental Quality (TCEQ) placed the District on Notice of Violation for failure to submit proof of nitrate monitoring and reporting during the first and second quarter reporting period for the Mansfield Water Treatment Plant (MWTP). She said reports were not performed because the plant was not online during this time and that the District was working with TCEQ to correct this notice.
- Two minor vehicle accidents had occurred where our staff was at fault and that claims had been submitted to Texas Municipal League
- Parking lot improvements were being bid for the Eck Lane facility to include striping
- Installation of security cameras was being worked on both at the office and at the Mansfield facility
- Distribution waterline burn-out has been scheduled for April and May 2017. She said the District was in need of this free chlorine maintenance which had not been done during the drought years. She said notices would go out to customers and notices would be personally taken to health care centers and hospitals.
- An amendment to the Verizon contracted monthly rent, that had been in place several years, was being drafted for the tower site lease agreement at Big Dave's location

- With the new Water Rights acquired for irrigation, the contract with the Lower Colorado River Authority (LCRA) for raw water is being studied to determine if it is cheaper to pay reservation fees all at once and then use the right, or if the District should simply wait the required time to reduce the contract
- Manager Gernes stated that three bills had been filed this session by Representative Workman: Texas HB 1523 relating to the creation of a Special Utility District for Southwest Travis County; Texas HB 922 relating to creation of the Southwestern Travis County Groundwater Conservation District; and Texas HB 605 relating to the consideration by the Texas Commission on Environmental Quality of the economic impact of an appropriation of state water in determining whether to grant an application for the appropriation
- District projects status were reviewed
- FY2016 water statistics were distributed to the Board

B. COMMITTEE REPORTS

1. **COMMUNICATIONS / PARKS AND CONSERVATION COMMITTEE REPORT**
2. **LEGAL COMMITTEE REPORT**
3. **PLANNING COMMITTEE REPORT**
4. **BUDGET AND FINANCE COMMITTEE REPORT**
5. **POLICY COMMITTEE REPORT** – Manager Gernes reported that the Policy Committee met February 15 and the report from the Committee would be discussed under agenda item VII. C.
6. **IMPACT FEE ADVISORY COMMITTEE**- Director Decker requested a timeline for the Impact Fee Advisory Committee to meet and Manager Gernes stated it would most likely be summer of 2017
7. **STORMWATER COMMITTEE**

IV. CONSENT AGENDA

A. APPROVE PAY ESTIMATES/CHANGE ORDERS FOR VARIOUS CONSTRUCTION PROJECTS IN THE DISTRICT

1. **Eck Lane WTP Backwash Improvements, Pay Estimate #12, Prota Construction Inc. and Prota Inc., JV**
2. **Flintrock Wastewater Treatment Plant Expansion, Pay Estimate #10, PLW Central Texas.**
3. **Apache Shores Water Line Improvements – 2016, Pay Estimate #4, Prota Construction, Inc.**
4. **Steiner Ranch Lift Station No. 6 Improvements, Pay Estimate #4, Austin Engineering Co., Inc.**

B. APPROVE PAYMENT OF CURRENT INVOICES

C. APPROVE MINUTES – Regular Meeting held January 19, 2017, Special Meetings held January 28, February 7 and February 8, 2017

Director Roberts asked if there were any questions regarding items on the Consent Agenda and there were none

Motion: Director Steed to approve the Consent Agenda as presented, excluding the minutes of February 7 and February 8 which were not presented

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

V. PUBLIC COMMENT, 6:30 P.M.

President Roberts opened Public Comment at 6:25 p.m. No public was present at the time.

President Roberts left Public Comment open for anyone that may arrive and wish to address the Board of Directors

Motion: Director Decker to close Public Comment

Second: Director Carruthers

Ayes: 5

Noes: 0

Unanimous

President Roberts closed Public Comment at 7:18 p.m.

VI. OLD BUSINESS

A. DISCUSS/CONSIDER/TAKE ACTION REGARDING SEARCH FOR NEW GENERAL MANAGER

Tabled with no action

B. DISCUSS/CONSIDER/TAKE ACTION ON ACQUISITION OF 21.49 ACRE FEET OF WATER RIGHTS FROM

1. 239 RIO VISTA, 13.50 ACRE FEET; AND

2. THL RANCH LTD., 7.99 ACRE FEET

Manager Gernes reported that the current Water Right owners were researching the ownership history. Tabled with no action

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VII. NEW BUSINESS

A. DISCUSS/CONSIDER/TAKE ACTION ON THE RECOMMENDATIONS OF THE DISTRICT'S FINANCIAL ADVISOR'S FOR THE NOT TO EXCEED LIMIT ON THE SIZE FOR THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA UNLIMITED TAX BONDS, SERIES 2017-A, BOND NO. 3

District Financial Advisor Garry Kimball reviewed the recently released estimated 2016 Travis County Appraised Value of \$134,414,932, based on continued development as of January 1, 2017, for the Serene Hills Defined Area. He stated that this estimated value would mean that the District could issue an investment grade bond without using a growth analysis and that he would recommend a not to exceed amount of \$7,000,000 for a Series 2017-A, Bond No. 3.

Motion: Director Steed to authorize the application process with an amount not to exceed \$7,000,000 for the Serene Hills Defined Area Unlimited Tax Bonds, Series 2017-A, Bond No. 3

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

B. DISCUSS/CONSIDER/TAKE ACTION ON APPROVAL OF THE FINANCIAL AUDIT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2016.

Nancy Olsen of McCall Gibson Swedlund Barefoot PLLC (McGSB) introduced herself as one of the independent auditors who audited the financial activities of the District for the Fiscal Year 2016 (FY16). Ms. Olsen reviewed the unqualified opinion letter of the District's financial statements stating that it was the best possible result. She then reviewed the Statement of Net Position and Governmental Funds Balance Sheet, Revenues, Expenditures and Change in Fund Balance. Bond series for the Steiner Ranch Defined Area that were refinanced in FY16 were reviewed showing an overall debt service savings of \$1,847,265 for Series 2016 and overall debt service savings of

DRAFT

\$659,683 for Series 2009. Note 15 of the audit was reviewed to describe the District's government-wide financial statements as of and for the year ended September 30, 2015, to correct certain misstatements. Ms. Olsen stated that these modifications with respect to the previous misstatements did not change McGSB's opinion that the District's information is fairly stated.

Director Steed asked for clarification of the language used in the management letter that addressed a "management deficiency" regarding the preparation of the financial statements. Ms. Olsen explained that this deficiency statement is a GASB required notification if the auditors prepare the complete set of financials, which is common to most small entities and refers to the fact that these entities do not have a Certified Public Accountant (CPA) prepare the complete financial statements including notes and schedules for audit review. The deficiency does not refer to the District's management. Director Carruthers asked how large an entity would be before a CPA was hired to do statements. Ms. Kalisek replied that almost none of her clients had CPAs, even large entities, because it did not make financial sense to pay a CPA to produce the report that the auditors would then duplicate as part of the review and report process.

Ms. Olsen then reviewed the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual of the General Fund for FY16; Services and Rates for water and wastewater retail connections; total water consumption accounting of 92.2 percent; and Taxes Levied and Receivable. Ms. Olsen concluded her presentation by commending the excellent staff cooperation and organization.

Motion: Director Ward to approve the Financial Audit for the period ending September 30, 2016 as presented

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

District Accountant reminded the Directors that at the close of the meeting she would need each one to sign a Management Representation Letter for the auditors.

C. DISCUSS/CONSIDER/TAKE ACTION ON THE POLICY COMMITTEE'S RECOMMENDATIONS FOR UPDATES TO THE DISTRICT'S SERVICE RULES AND POLICIES, TO INCORPORATE MECHANICAL REVISIONS, FEES AND ADOPTIONS TO INCLUDE:

1. PERSONNEL POLICY 2.24, DRESS CODE AND PERSONAL APPEARANCE, CLARIFICATION REGARDING UNIFORM PROCEDURE; AND

Manager Gernes explained that the District Policy Committee met to discuss a new contract she entered with Cintas Corporation to provide shirt and pant uniform service for field staff. She explained to the Directors the services to be provided by Cintas and that the current staff allowance of \$500 for purchasing uniforms would be used to cover the rental payment for uniforms. She said the committee was recommending a minor change to the personnel manual to reflect this change of allowance. A smaller allowance, to be determined annually by the General Manager, would remain to cover the purchase of steel toed safety shoes or boots that are to be worn daily by field staff.

2. FEES ASSOCIATED WITH ELECTRONIC PAYMENT ACCEPTANCE

District Accountant, Leslie Terrell reviewed the District's processing fee history and the new transaction fees which are charged to the District every time a credit card or bank draft (ACH) is processed. Ms. Terrell stated that On-line Bill Pay went live on Wednesday, February 15, 11:00 a.m. She said at the Policy Committee meeting, the fees of five other utilities were discussed for comparison, and it was determined that the committee would like to recommend establishment of two fees to recapture expenses the District would otherwise absorb. The first fee of \$2.00 would be charged only when a staff member processes a customer's monthly payment on the phone or in person. This is called an "agent" fee. A customer making a monthly payment by cash, check or auto-pay would not be assessed an agent fee. The second fee would be assessed only when a customer or builder pays by credit card for large fees such as startup fees, impact fees, tap fees, etc. She stated that these startup fees can add up to several thousand dollars and a processing fee of 3 percent per-transaction would recover the associated large charges to the District by the credit card companies. Anyone paying startup/connection fees by cash or check would not be assessed a processing fee.

DRAFT

Motion: Director Steed to adopt the recommendations to both the Personnel Policy 2.24 and assessment of fees associated with electronic payments as presented; effective immediately.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

**D. DISCUSS/CONSIDER/TAKEACTION ON TACARA 24” WATERLINE
OVERSIZING INSTALLATION,**

CHANGE ORDER REQUEST BY CASEY DEVELOPMENT.

Manager Gernes reviewed the 24-inch waterline oversizing installation agreement with Casey Development. All sections of waterline are complete except for an 840 foot section that District 17 is responsible to pay for. The plans for this section were not submitted to the City of Austin (City) or Travis County in a timely manner by the developer. During the City’s review, it was determined that the waterline would have to be installed under an existing creek on the property. This requirement will necessitate boring under the creek and significant additional costs for the District. The developer now has a re-bid for this segment that generated a change order in an amount of \$226,120.29 which they say WCID 17 needs to pay in its’ entirety. The General Manager stated that she felt the District should not be 100 percent responsible for the change order because the developer had not included this segment in the initial plan submittal to the City of Austin. *This failure to submit caused a large delay and a large portion of the change order is re-mobilization and spoils haul off.* She said she had offered the developers an option to split the costs which they flatly refused to do. *Discussion was held with Directors requesting a letter be sent to the Developer by the District’s attorney.*

Tabled

VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071, AND FOR PERSONNEL MATTERS, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.074, REGARDING THE SEARCH FOR A NEW GENERAL MANAGER.

Executive Session not held

DRAFT

IX. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTIONS 551.071 AND 551.072, REGARDING THE APPROVAL OF CONTRACTS TO ACQUIRE WATER RIGHTS FOR IRRIGATION
Executive Session not held

X. ADJOURNMENT

Motion: Director Carruthers to adjourn

Second: Directors Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts adjourned the meeting at 7:19 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary

From: Ken Heroy
Sent: Wednesday, March 08, 2017 2:36 PM
To: Linda Sandlin
Cc: Debbie Gernes; Douglas Hunter; Will Pena; Prabin Basnet; Christie Dickenson; Lauren Kalisek; Garry Kimball; Trish Pulsipher; Carol Polumbo (cpolumbo@mphlegal.com)
Subject: RE: Serene Hills DA bond application
Attachments: No-Growth Proforma.pdf; Resolution for 3rd BI.docx; Engineering Report 3-8-2017.pdf; Attachment 7 - 1A_B cost breakdown.pdf; Attachment 10 - Land Cost Table.pdf; Attachment 13- Developer Int Table.pdf; Attachment 43- Impact Fees.pdf

All,

Please see the following documents for review:

- Draft Board Resolution for bond application
- Draft Engineering Report for bond application
- Attachments to the engineering report providing detail of the costs included in the application
- Proforma for the proposed bonds per TCEQ format (no-growth)

Please let me and Prabin (copied with this e-mail) know if you have questions or comments. I will be out of town next Tuesday – Thursday. Prabin will be in attendance at the Board meeting to answer any questions the Board may have.

Thanks,
Ken

improvements to the District's water, wastewater and drainage system to serve the Serene Hills Defined Area.

- (2) To request the Commission to approve the defined area bonds of the District in the principal amount of a maximum of \$7,000,000 bearing interest at a net effective interest rate not to exceed the maximum allowed by law and maturing serially in accordance with the schedule provided in the aforesaid Engineering Report.

Section 3. By this application, the District assures the Commission that it will abide by the terms and conditions prescribed by the Commission, and it will retain all amounts required by law due all construction contractors on the project to assure that the project is completed in accordance with the approved plans and specifications.

Section 4. The President and Secretary of the Board of Directors, the District's General Manager, River City Engineering, Jones-Heroy & Associates, Inc., the District's attorneys, and the District's financial advisor are authorized and directed to do any and all things necessary and proper in connection with this application.

Section 5. A certified copy of this Resolution shall constitute an application and request on behalf of the District to the Commission pursuant to Section 49.181 of the Texas Water Code, for approval of the project described in Section 2(1) and the bonds described in Section 2(2).

PASSED AND APPROVED this _____ day of _____, 2017.

Jeff Roberts, President
Board of Directors

ATTEST:

Jerri Lynn Ward, Secretary
Board of Directors

ENGINEERING REPORT
TO
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR
BOND ISSUE NO. 3
TRAVIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 17
SERENE HILLS DEFINED AREA

\$7,000,000

BOND APPLICATION REPORT

BY

JONES-HEROY & ASSOCIATES, INC.
TBPE REGISTRATION # F-006320
13915 N. MOPAC EXPY., SUITE 408
AUSTIN, TX 78728

March 2017

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LIST OF ATTACHMENTS
Attachments are included except items marked “n/a”

1. Creation Documents (See Defined Area’s First Bond Application)
2. Annexations and Exclusions (n/a)
3. Current Boundary Map
4. Location Map
5. Bond Elections (See Defined Area’s First Bond Application)
6. Land Use Plan of Defined Area Showing Proposed Bond Projects
7. Itemized Cost Breakdown
 - (A) Serene Hills 1A & 1B
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 - (C) Water and Wastewater Lines Relocation Cost Agreement
 - (D) Water and Wastewater Lines Relocation Interlocal Agreement
8. Breakdown of Engineering Fees (See **Attachment 13**)
9. Special Engineering Report (n/a)
10. Land Costs
 - (A) Summary of Land Costs
 - (B) Land Purchase Settlement Statement
 - (C) Special Warranty Deeds for Ponds and Irrigation Sites
11. Breakdown of Legal Fees (n/a)
12. Breakdown of Bond Anticipation Note Interest (n/a)
13. Tabular Breakdown of Developer Interest
14. Copies of Information Submitted to Other Agencies for Approvals of Creation of District (n/a)
15. Contract Providing for the Payment of Legal Fees Relating to the Creation of the District (n/a)
16. Copies of Special Contracts Between the City or Other Governmental Agency and the Developer (n/a)
17. Floodplain Map
18. Water Permit(s) (n/a)
19. Water Agreement
20. Engineering Report on Water System of a Supplying Entity (n/a)
21. Documents Related to Leased Package Plant (n/a)

22. Contract for Lease or Purchase of Capacity in Another Entity's Wastewater Treatment Plant (n/a)
23. Wastewater Permit
24. Contract Providing for the Joint Ownership, Financing and Operating of the Regional Wastewater Treatment Plant (n/a)
25. Contract Providing for Permanent Lease or Purchase of Capacity in Another Entity's Wastewater Treatment Plant (n/a)
26. Engineering Report on Wastewater System of Supplying Entity (n/a)
27. Bond Anticipation Note(s), and Documentation of Compliance with Commission Rule (n/a)
28. Build Out Projections (n/a)
29. Projected Debt Service Schedule
30. Current Operating Budget
31. Pro Forma
 - (A) No-Growth Pro Forma
 - (B) Email from City of Lakeway Concerning Overlapping Tax
32. Latest Certified Assessed Valuation
 - (A) Certificate of Assessed Valuation as of 1/1/2016 for the Defined Area
 - (B) Certificate of Assessed Valuation as of 1/1/2016 for the District
 - (C) Waiver of Special Appraisal
 - (D) TCAD Certified Appraisal Roll
33. Latest Estimate of Assessed Valuation for the Defined Area
34. Market Study (n/a)
35. Calculation of Pro Rata Share (n/a)
36. Drainage Study (n/a)
37. Cost Sharing Arrangements and Contracts (n/a)
38. Evidence of Requirement to Oversize Facilities (n/a)
39. District Resolution Regarding Oversized Facilities (n/a)
40. Clearing and Grubbing Contracts (n/a)
41. Back-up Related to Spreading and Compaction of Fill (n/a)
42. Engineer's Estimate of Probable Costs (n/a)
43. Impact Fees
 - (A) Summary of Capacity Charges and Impact Fees
 - (B) Travis County WCID 17 Impact Fee Study and order adopting 2013 Impact Fees
44. Preconstruction Agreements
 - (A) Utility Development and Conveyance Agreement

- (B) First Amendment to the Utility Development and Conveyance Agreement
- (C) Second Amendment to the Utility Development and Conveyance Agreement
- (D) Third Amendment to the Utility Development and Conveyance Agreement
- 45. Evidence of Solicitation of Written Bids (**See construction contract documentation, Volume 3**)
- 46. Documentation of Alter Ego Relationship Between the District and City (n/a)
- 47. Contract of Rebate of City Taxes (n/a)
- 48. Letter from the District's Financial Advisor Relating to District's Ability to Obtain Acceptable Rating or Credit Enhanced Rating Prior to the Bond Sale (n/a)
- 49. Evidence of Adoption of Regional Stormwater Drainage System by a Public Drainage Entity (n/a)
- 50. Evidence of Requirement of Participation in Regional Stormwater Drainage System (n/a)
- 51. Engineering Study for Regional Stormwater Drainage System (n/a)
- 52. Contract Relating to Capacity in a Regional Stormwater Drainage System (n/a)
- 53. Professional Consultant Contracts
 - (A) General Counsel – Lloyd Gosselink
 - (B) Bond Counsel – McCall, Parkhurst & Horton LLP
 - (C) Financial Advisor – Specialized Public Finance, Inc.
 - (D) Engineer for Bond Application – Jones-Heroy & Associates, Inc.
- 54. Rule 293.111 Compliance Certificate
- 55. Director's Registration Form (n/a)
- 56. Easements (n/a)
- 57. Plats
 - (A) Serene Hills - Phase 1A
 - (B) Serene Hills - Phase 1B
 - (C) Serene Hills - Phase 2E
 - (D) Serene Hills - Phase 2W
 - (E) Serene Hills – Phase 3E
 - (F) Serene Hills – Phase 3Wa
 - (G) Serene Hills – Phase 3Wb
 - (H) Mansions at Lakeway Apartments
 - (I) Serene Hills Commercial East Subdivision
- 58. Certificates of Completion
 - (A) Serene Hills - Phase 1A & 1B
 - (B) Serene Hills Offsite Force Main

- (C) Serene Hills - Phase 2E
- (D) Serene Hills - Phase 2W
- (E) Serene Hills – Phase 3E
- (F) Serene Hills – Phase 3Wa
- (G) Serene Hills – Phase 3Wb

**TRAVIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 17 (SERENE HILLS DEFINED AREA)
\$7,000,000 BOND APPLICATION
BOND ISSUE NO. 3**

SECTION 1 — GENERAL INFORMATION

(A) Laws, Elections, and Acreage:

- (i) Authority Creating District:** Travis County Water Control and Improvement District No. 17 (the District) was created by an order of the Travis County Commissioners Court dated December 8, 1958 with the powers of a water control and improvement district. Copies of the creation documents are on file with the District's first bond application.

On January 31, 2008, the District's board of directors adopted a plan to provide water, wastewater, and drainage services to the Serene Hills Defined Area (Defined Area). Copies of the Defined Area's creation documents were provided in the Defined Area's first bond application. The Defined Area was annexed into the District on December 14, 2006 by the Order Adding Land which was provided in the Defined Area's first bond application.

- (i) Governing Law:** The District operates under Sections 49 and 51 of the Texas Water Code. Texas Commission on Environmental Quality (TCEQ) jurisdiction is provided in Section 49.181 and 49.182 of the Texas Water Code. The District is subject to the continuing supervision of the TCEQ.
- (ii) Confirmation Election:** On May 10, 2008, an election was held approving the designation of the Serene Hills Defined Area. Copies of the orders calling the election and canvassing the results were provided in the Defined Area's first bond application.
- (iii) Acreage:** At the time of creation there were 456.63 acres in the Defined Area. There have been no annexations or exclusions since then.
- (iv) Boundary Map:**

A boundary map of the Defined Area is included as **Attachment 3**.

(B) Location:

The Defined Area is located within the City of Lakeway in the southwestern part of Travis County. The Defined Area is located about 10 miles west of the City of Austin on the north side of Highway 71 West. A location map is provided as **Attachment 4**.

SECTION 2 — PROPOSED BOND ISSUE

(A) Purpose:

The purpose of this bond application is to:

- (1) Purchase the Water and Wastewater Capacity Fees (Impact Fees) for the Mansions at Lakeway Apartments - Western Rim.
- (2) Purchase the remaining portion of Water, Wastewater, and Drainage Facilities in Serene Hills Phase 1A and 1B.
- (3) Purchase the water quality pond sites.
- (4) Reimburse the developer for the cost of the water and wastewater lines relocation agreement.
- (5) Reimburse the developer for SWPPP and Legal Construction costs.

(B) Bond and Maintenance Tax Authorization:

(i) Bond Authorization:

| Date of Election | Purpose | Amount Approved | Amount Canceled |
|-------------------------|-----------------------------|------------------------|------------------------|
| May 10, 2008 | Water, Wastewater, Drainage | \$55,000,000 | none |

(ii) Maintenance Tax:

| Date of Election | Purpose | Maximum Tax Approved (per each \$100 of AV) | Canceled Prior Authorization |
|-------------------------|--------------------------------|--|-------------------------------------|
| May 10, 2008 | General Operating/Recreational | \$0.65 | none |

(C) Prior Bond Issues:

| Type of Bonds - Water, Wastewater and Drainage | | | |
|---|-----------------------------|------------------------------------|------------------------|
| Total Amount Authorized: \$55,000,000 | | | |
| Bond Issue No. | TCEQ Amount Approved | TCEQ Order Date Approved | Amount Sold (1) |
| 1 | \$ 4,450,000 | May 11, 2015 | \$ 4,450,000 |
| 2 | \$ 4,125,000 | October 17, 2016 | \$ 4,125,000 |
| 3 | \$ 7,000,000 | proposed | \$ 7,000,000 |
| | | Total Bonds Sold: | \$ 15,575,000 |
| | | Remaining Authorized Bonds: | \$ 39,425,000 |

Note: (1) In the opinion of the District’s Engineer, the remainder of the bonds authorized but not issued will be sufficient to complete the development within the Defined Area.

(D) Type:

Voters approved unlimited tax bonds, and the District is seeking approval of unlimited tax bonds for this issuance.

(E) **Interest Rate:**

The District requests that an interest rate of 4.50% be approved in the issuance of these bonds. This interest rate is used in calculations in the report.

(F) **Land-Use Plan:**

A land use plan is included as **Attachment 6**.

(G) **Recreational Facilities:**

This application does not include any funding for recreational facilities.

(H) **Roads:**

Does the District have authority to fund roads? Yes No.

SECTION 3 — FACILITIES PROPOSED FOR FUNDING

(A) Purchase of Existing Facilities and/or Assumption of Existing Contracts:

| Project | Contractor | % Complete (Date) | Contract Amount | Amt. Subject to District Contribution |
|---------------------------------|--------------------------------------|----------------------|----------------------------|--|
| Serene Hills 1A &1B – W/WW/D | J.C. Evans Construction Co. LP | 100% (8/11/2011) | \$1,842,568 ⁽¹⁾ | \$1,763,037 ⁽²⁾ \$1,142,802 ⁽³⁾ |

Notes:

- (1) Original contract amount of \$1,904,622 less Change Order No. 1 (-\$85,195) for quantity adjustment of 8-inch PVC wastewater line, additional 12-inch and 20-inch casing, additional water service with meter box and additional sleeves, plus Change Order No. 2 (\$23,141) for additional sleeves and revised headwall. See **Attachment 7(A)** for a detailed breakdown.
- (2) Final contract amount of \$1,842,568 less \$79,531 for the developer’s 5x5 box culvert, clearing and grubbing, and 10” sleeves. See **Attachment 7(A)** for a detailed breakdown of costs.
- (3) The District included the 100% District items (\$130,464) in its second bond issue (See **Attachment 7 (A)** for a copy of the memo approving the project). The remaining 70% eligible construction costs have been requested in this application.

(B) Facilities to be Constructed:

None.

SECTION 4 — SUMMARY OF COSTS

| CONSTRUCTION COSTS | Total Cost | District Share | (1) |
|--|---------------------|-----------------------|------|
| A. Developer Contribution Items | | | |
| 1. Serene Hills 1A & 1B | \$ 1,763,037 | \$ 1,142,802 | (2) |
| 2. Engineering (28.6% of Item 1) | \$ 653,550 | \$ 369,156 | (3) |
| 3. SWPPP (For Item No. 1) | \$ 9,800 | \$ 6,374 | (3) |
| 4. Legal Construction Cost (For Item No. 1) | \$ 26,789 | \$ 16,615 | (3) |
| Total Developer Contribution Items | \$ 2,453,176 | \$ 1,534,947 | |
| B. District Items | | | |
| 1. Water and Wastewater Impact Fees – Western Rim | \$ 3,502,800 | \$ 3,502,800 | (4) |
| 2. Water and Wastewater Lines Relocation Agreement | \$ 231,182 | \$ 160,000 | (5) |
| 3. Water Quality Ponds Land Cost | \$ 495,221 | \$ 495,221 | (6) |
| Total District Items | \$ 4,229,203 | \$ 4,158,021 | |
| TOTAL CONSTRUCTION COSTS (81.3% of BIR) | \$ 6,682,379 | \$ 5,692,968 | |
| NON-CONSTRUCTION COSTS | | | |
| A. Legal Fees (1.0% of BIR) | | \$ 70,000 | (7) |
| B. Fiscal Agent Fees (1.25% of BIR) | | \$ 87,500 | (8) |
| C. Interest Costs | | | |
| 1. Capitalized Interest (1 yr. @ 4.5%) | | \$ 315,000 | |
| 2. Developer Interest (2 years) | | \$ 501,919 | |
| D. Underwriter's Discount (3.0%) | | \$ 210,000 | |
| E. Bond Issuance Expense | | \$ 38,113 | (9) |
| F. Bond Engineering Report | | \$ 60,000 | (10) |
| G. TCEQ Fee (0.25% BIR) | | \$ 17,500 | |
| H. Attorney General's Fee (0.10%) | | \$ 7,000 | |
| TOTAL NON-CONSTRUCTION COSTS (18.7% of BIR) | | \$ 1,307,032 | |
| TOTAL BOND ISSUE REQUIREMENT (BIR) | | \$ 7,000,000 | |

Notes:

- (1) The District is not requesting a waiver of the 30% developer contribution.
- (2) The District included portion of the construction cost (\$130,464) in its second bond issue. The remaining 70% eligible construction costs have been requested in this application.
- (3) See the developer interest table in **Attachment 13** for a breakdown of the costs. Only the portion of engineering, legal construction, and SWPPP cost associated with the remaining eligible contract amount is requested. A portion (\$42,285.25) of the requested eligible engineering represents preliminary engineering fees. See **Attachment 7(B)** for SWPPP invoices.
- (4) Impact fees for 208.5 ESFCs at \$4,200 per ESFC for water and \$12,600 for wastewater for the Mansions at Lakeway Apartment Complex. See **Attachment 43(A)** for a spreadsheet of water and wastewater impact fees funded and **Attachment 43(B)** for the rate tariff and 2013 impact fee study.
- (5) After the construction and completion of the Serene Hills Phase 1A&1B contract as per the approved plans and specification, the District was required to relocate a portion of water and wastewater lines in the Flintrock Road right-of-way due to a planned project by Travis County and the City of Lakeway to widen and relocate Flintrock Road. See **Attachment 7(C)** for the agreement. The remainder will be requested in a future application.

- (6) See **Attachment 10** for a summary of land costs, settlement statements and special warranty deeds for each site.
- (7) Legal Fees are 1% of the bond amount; See **Attachment 53(B)**.
- (8) Fiscal Agent Fees are 1.25 % of the bond amount; See **Attachment 53(C)**.
- (9) Disclosure Counsel - \$8,000; Official Statement Preparation/Printing - \$7,500; Legal - \$3,000; Reimbursement Audit - \$10,000; TCEQ Filing Fee - \$500; Paying Agent Fee - \$500; plus Rating Agency Fee, Miscellaneous copying, delivery expenses etc.
- (10) Lump sum amount of \$60,000. See **Attachment 53(D)**.

SECTION 5 — DEVELOPMENT STATUS AND LAND USE

The following information represents development as of January 1, 2017.

(A) Land-Use Table:

| LAND USES | ACREAGE | EQUIVALENT CONN. | |
|---|---------------|------------------|--------------|
| | | EXISTING | PROJECTED |
| Developable Acreage: | | | |
| Developed from prior bond issues (see table B below): | 0 | 0 | 0 |
| To be developed from the bonds (see Table C below): | 0 | 0 | 0 |
| Currently developed with facilities to be funded in future bonds (see Table D below): | 215.41 | 301.5 | 502.5 |
| Remaining developable acreage: | <u>202.17</u> | <u>0</u> | <u>113</u> |
| Subtotal Developable Acreage: | 417.58 | 301.5 | 615.5 |
| Undevelopable Acreage: | | | |
| Floodplain, Drainage & Open Space | 39.05 | 0 | 0 |
| Other | <u>0</u> | <u>0</u> | <u>0</u> |
| Subtotal Undevelopable Acreage: | 39.05 | 0 | 0 |
| Total Acreage | 456.63 | 301.5 | 615.5 |

Note: Some street and open spaces are included in platted acreages above.

(B) Development from Prior Bonds:

None.

(C) Development from Proposed Bonds:

| SECTION | TYPE OF DEVELOPMENT | NO. OF LOTS/ UNITS | ACRES | EQUIVALENT CONNECTIONS | |
|----------------------|---------------------|--------------------|----------|------------------------|---------------------|
| | | | | EXISTING | AT FULL DEVELOPMENT |
| Serene Hills 1A & 1B | Street | - | - | - | (1) |
| Total | | | 0 | 0 | 0 |

Note: (1) No ESFCs are associated with this section.

(D) Development from Future Bonds (by Section if Available):

**DEVELOPMENT TO BE FUNDED
(Future Bonds)**

| SECTION | TYPE OF DEVELOPMENT | NO. OF LOTS | ACRES | EQUIVALENT CONNECTIONS | |
|--|---------------------|-------------|----------------|------------------------|---------------------|
| | | | | EXISTING | AT FULL DEVELOPMENT |
| Serene Hills - Phase 2E | Single Family | 67 | 32.151 | 57 | 67 |
| Serene Hills - Phase 2W | Single Family | 71 | 45.826 | 0 | 71 |
| Serene Hills - Phase 3E | Single Family | 32 | 12.304 | 19 | 32 |
| Serene Hills - Phase 3Wa | Single Family | 54 | 61.893 | 13 | 54 |
| Serene Hills - Phase 3Wb | Single Family | 50 | 20.109 | 4 | 50 |
| Mansions at Lakeway Apartments – Western Rim ⁽¹⁾ | Multi-Family | 1 | 34.128 | 208.5 | 208.5 |
| Serene Hills Commercial East Subdivision - Medical Facility ⁽¹⁾ | Commercial | 5 | 8.998 | 0 | 20 |
| Total | | | 215.409 | 301.5 | 502.5 |

Note ⁽¹⁾: Does not include any public right-of-way.

(E) Historical Build-Out:

| YEAR | TYPE OF DEVELOPMENT | NO. OF UNITS | ACREAGE/ RESERVES | SQUARE FOOTAGE | EQUIVALENT CONNECTIONS | |
|------|---------------------|--------------|-------------------|----------------|------------------------|-----------|
| | | | | | EXISTING | ULTIMATE |
| 2014 | Single Family | 32 | | | 40 | 338 |
| | Multi-family | 0 | | | 0 | 208.5 |
| | Commercial | 0 | | | 0 | 69 |
| | Other (Greenbelt) | 0 | | | 0 | 0 |
| | Totals | | 32 | 0 | 0 | 40 |

| YEAR | TYPE OF DEVELOPMENT | NO. OF UNITS | ACREAGE/ RESERVES | SQUARE FOOTAGE | EQUIVALENT CONNECTIONS | |
|------|---------------------|--------------|-------------------|----------------|------------------------|-----------|
| | | | | | EXISTING | ULTIMATE |
| 2015 | Single Family | 30 | | | 70 | 338 |
| | Multi-family | 0 | | | 0 | 208.5 |
| | Commercial | 0 | | | 0 | 69 |
| | Other (Greenbelt) | 0 | | | 0 | 0 |
| | Totals | | 30 | 0 | 0 | 70 |

| YEAR | TYPE OF DEVELOPMENT | NO. OF UNITS | ACREAGE/ RESERVES | SQUARE FOOTAGE | EQUIVALENT CONNECTIONS | |
|------|---------------------|--------------|-------------------|----------------|------------------------|--------------|
| | | | | | EXISTING | ULTIMATE |
| 2016 | Single Family | 23 | | | 93 | 338 |
| | Multi-family | 208.5 | | | 208.5 | 208.5 |
| | Commercial | 0 | | | 0 | 69 |
| | Other (Greenbelt) | 0 | | | 0 | 0 |
| | Totals | 231.5 | 0 | 0 | 301.5 | 615.5 |

(F) Floodplain Information:

Current copies of FEMA Map Panel No. 48453C0385H and No. 48453C0405H with the Defined Area's boundaries shown are included as **Attachment 17**.

- (i) **What is being done (if anything) to remove the areas of the District, if any, currently in the official floodplain?** N/A
- (ii) **Are any of the improvements proposed for purchase or construction funding through the proceeds of this bond issue currently in the official floodplain?** __Yes **X** No.
- (iii) **Are areas currently in the official floodplain used in the build-out projections used to support this bond issue?** __Yes **X** No. If yes, list.
- (iv) **Who is charged with maintaining minimum floor slab elevations in the District area?**
Travis County.
- (v) **Are any sites or easements to be funded in the bond issue currently in the floodplain?**
__Yes **X** No.

SECTION 6 — SOURCE OF WATER SUPPLY, WASTEWATER TREATMENT FACILITIES, AND STORM-WATER DRAINAGE FACILITIES

(A) Water Supply:

(i) Water Supply Source:

The District obtains its raw surface water supply from Lake Travis pursuant to a contract with the Lower Colorado River Authority (LCRA) effective May 23, 2001. The contract authorizes a withdrawal of up to 8,800 acre-feet per year, or an average of 7.85 million gallons per day. The District will use the water to serve the Defined Area and other areas of the District. See **Attachment 19** for a copy of the water supply agreement.

The Defined Area obtains water and wastewater service from the District. See **Attachments 44(A)-(D)** for copies of the Utility Development and Conveyance Agreement and amendments to this agreement. Developers in the Defined Area pay the District for treated water supply capacity through a water impact fee per LUE. See **Attachment 43(B)** for the District’s Impact Fee schedule.

(ii) Water Supply Facilities Inventory:

The District’s existing water treatment plant was originally constructed in 1961, and has undergone several expansions to keep up with the District’s growth and water demand. The water treatment plant has an existing total estimated capacity of 22.0 MGD, or 15,278 gallons per minute (gpm).

In addition to the water treatment plant capacity, the District has adequate storage and pumping facilities to serve development for the Serene Hills Defined Area. The following chart indicates the capacity of the District’s water supply system:

| Facility | Existing Capacity | Criteria | District's % Share (ESFC Capacity) |
|------------------------------|--------------------------|-----------------|---|
| WTP Capacity | 22.0 MGD | 0.6 gpm/ESFC | 25,463 ESFC |
| Pressure Tank | 5,000 gal | 20 gal/ESFC | 250 ESFC |
| Elevated Storage | 6,036,000 gal | 100 gal/ESFC | 60,360 ESFC |
| Total Storage ⁽¹⁾ | 9,385,000 gal | 200 gal/ESFC | 46,925 ESFC |
| Booster Pump ⁽²⁾ | 19,950 gpm | 0.6 gpm/ESFC | 33,250 ESFC |

Notes:

⁽¹⁾ Total storage includes elevated storage and ground storage.

⁽²⁾ TCEQ Chapter 290 rules only require 0.6 gpm per ESFC in service pump capacity for systems which provide an elevated storage capacity of 200 gallons per ESFC.

(iii) Interconnects:

The District has emergency water interconnects with Lakeway MUD, West Travis County PUA, Hurst Creek MUD and the City of Austin. All of these interconnects are normally closed.

(iv) There are no other agreements for lease or purchase of water capacity from another party.

(v) No special considerations or circumstances exist.

(vi) **The District's water supply is capable of serving 25,463 ESFCs, which is sufficient to serve the 301.5 ESFCs existing as of 1/1/2017 necessary to support the feasibility of this proposed bond issue.**

(B) Wastewater Treatment:

(i) Wastewater Treatment Facilities:

The Defined Area obtains water and wastewater service from the District. See **Attachments 44(A)-(D)** for copies of the Utility Development and Conveyance Agreement and amendments to this agreement. Developers in the Defined Area pay the District for wastewater treatment capacity through a wastewater impact fee per LUE. See **Attachment 43(B)** for the District's Impact Fee schedule.

The District has an existing 1.0 MGD wastewater treatment plant located in the Flintrock Ranch Estates Defined Area that serves the Defined Area as well as other District customers. The Flintrock WWTP currently serves 2,155 ESFCs. The TCEQ permit for this treatment plant is WQ0013878001, which is an 1.0 MGD no-discharge permit with disposal by land irrigation. See **Attachment 23** for a copy of the permit.

(ii) **If the District proposes to base the number of ESFCs served on criteria less than 300 gpd/ESFC, see discussion about ESFCs in the Abbreviations section. N/A**

(iii) **Provide a copy of executed contracts for capacity being leased to or from, sold to, or purchased from another entity, if not otherwise provided, as a *labeled Attachment*.**

See (i) above.

(iv) **Special Conditions:** No special conditions or circumstances exist.

(v) **The District's wastewater capacity is capable of serving 3,333 ESFCs, which is sufficient to serve the 301.5 ESFCs existing as of 1/1/2017 necessary to support the feasibility of this proposed bond issue.**

(C) Storm-Water Drainage Facilities:

(i) The District generally slopes to the north towards Lake Travis.

(ii) Rainwater flows from curb and gutter streets to an underground storm sewer collection system, water quality ponds, and eventually into Lake Travis and the Colorado River.

- (iii) There are no storm water drainage facilities that are proposed to be funded in this bond issue.
- (iv) **If local, state, or federal regulations require storm-water quality facilities, state the name of the entity requiring such facilities and describe the district storm-water quality treatment facilities, if any, to be funded by the proposed bond issue.**

The Lower Colorado River Authority, City of Lakeway, and Travis County have jurisdiction over the Defined Area regarding storm-water quality treatment facilities. The Defined Area is not located within the Edwards Aquifer Recharge Zone.

SECTION 7 — BASIS OF DESIGN

(A) Conformity with Regulatory Requirements:

(i) **Texas Commission on Environmental Quality:** Yes **X** No ___ N/A ___

(ii) **City of Lakeway:** Yes **X** No ___ N/A ___

(iii) **County of Travis:** Yes ___ No ___ N/A **X**

The City reviews the plans in lieu of the County.

(iv) **County Flood Control District:** Yes ___ No ___ N/A **X**

The District is not located within any Flood Control District.

(v) **Commission Permit Required by Water Code 16.236:** Yes ___ No ___ N/A **X**

There are no levees being financed with the proposed funds.

(vi) **Others:** N/A

(B) Oversizing:

Is the District constructing any facility with capacity in excess of that reasonably anticipated for future in-district uses? ___ Yes **X No. If yes, is the additional capacity required by local government or other regulatory agency? ___ Yes ___ No. N/A**

SECTION 8 — FINANCIAL INFORMATION

The cash flow pro forma and debt service schedules were provided by the District’s financial advisor. The historical tax data and cash and investments figures were provided by the District’s bookkeeper.

(A) Growth / No Growth

The economic feasibility of this bond issue is based on no growth.

The highest projected taxable value shown in the cash flow schedule is \$134,414,982.

(B) Latest Certified Assessed Valuation: \$106,460,107 as of January 1, 2016. See Attachment 32(A).

Latest Certified Estimate of Assessed Valuation: \$134,414,982 as of January 1, 2017. See Attachment 33 for the latest estimate of assessed value.

(C) Historical Tax Data:

The following information is as of January 31, 2017.

| Tax Year | Assessed Valuation | Maintenance Tax Rate (Defined Area) | Debt Service Tax Rate (Defined Area) | Amount Assessed | Amount Collected | Total % Collected |
|---------------------|---------------------------|--|---|------------------------|-------------------------|--------------------------|
| 2012 | \$ 765,127 | \$ 0.6500 | \$ 0.0000 | \$ 5,432 | \$ 5,432 | 100.0% |
| 2013 | \$ 6,879,270 | \$ 0.6500 | \$ 0.0000 | \$48,671 | \$ 48,671 | 100.0% |
| 2014 | \$ 24,942,817 | \$ 0.0000 | \$ 0.6500 | \$212,540 | \$212,540 | 100.0% |
| 2015 | \$ 57,268,992 | \$ 0.4429 | \$ 0.2071 | \$372,248 | \$370,281 | 99.5% |
| 2016 ⁽¹⁾ | \$ 106,460,107 | \$ 0.3750 | \$ 0.2500 | \$665,376 | \$577,729 | 86.8% |

Note: ⁽¹⁾ 2016 Taxes are still in the process of collection.

(D) Cash and Investment:

| CASH AND INVESTMENT BALANCES (District) As of <u>(January 31, 2017)</u> | |
|--|----------------------|
| General Operating | \$ 26,197,498 |
| Debt Service Fund | \$ 1,005,567 |
| Capital Projects Fund | \$ 9,442,972 |

(E) Outstanding Indebtedness:

(i) Bond Issues:

| Category | Outstanding Debt | Proposed Debt | Combined Debt | Debt Ratio Based on Current Certified or Estimated Value⁽¹⁾ |
|------------------------------|-------------------------|----------------------|----------------------|---|
| Water, Wastewater & Drainage | \$8,575,000 | \$7,000,000 | \$15,575,000 | |
| Roads | n/a | n/a | n/a | n/a |
| Firefighting | n/a | n/a | n/a | n/a |
| Recreational | n/a | n/a | n/a | n/a |
| Totals | \$8,575,000 | \$7,000,000 | \$15,575,000 | 11.59% |

Notes: (1) The District has a certified estimated assessed valuation of \$134,414,982 as of January 1, 2017.

(ii) Bond-Anticipation Notes: The District has not issued any BANs.

(iii) Were the provisions of Commission Rule 293.54 followed in the issuance of all Bond-Anticipation Notes? ___ Yes ___ No. N/A.

(iv) Tax-Anticipation Notes: N/A.

(v) Other Obligations: N/A.

(F) Financial Feasibility:

(i) Build-Out Projections: Is the feasibility of this bond issue based on growth? __ Yes **X** No.

(ii) Debt-Service Schedule:

A debt service schedule is included as **Attachment 29**.

(iii) Revenue Projections:

(a) Does the District intend to use net revenues from operations for debt service payments? ___ Yes **X** No.

(b) Does the District intend to use revenues received from a municipality through either a consent agreement or strategic partnership agreement for debt service payments? ___ Yes **X** No.

(iv) Operating Budget:

The proposed bond issue will not significantly affect operating costs. A copy of the District’s 2017 operating budget is included as **Attachment 30(A)**.

(v) Projected Cash-Flow Analysis for Proposed and Existing Debt of District: N/A

(vi) No-Growth Cash-Flow Analysis for Proposed and Existing Debt of District:

A no-growth cash flow analysis is included as **Attachment 31(A)**.

(vii) Cash-Flow Analysis for All Overlapping Taxing Entities Specifically Attributable to Water, Wastewater, Drainage, Firefighting, Recreation, or Roads:

The City of Lakeway overlaps the Defined Area. Of the \$0.1612 City of Lakeway tax, \$0.0048 is for drainage. See E-mail from City, **Attachment 31(B)**.

(viii) Combined Tax Rate:

| | Projected Tax Rate | No-Growth Tax Rate |
|---|---------------------------|---------------------------|
| District tax rate | | |
| a. Debt service as shown in cash-flow analysis | \$ 0.7800 | \$ 0.7800 |
| b. Maintenance Tax⁽¹⁾ | \$ 0.0599 | \$ 0.0599 |
| Tax rate for overlapping entities as defined in Commission Rules 293.59(f)(2) and (f)(6) and (e)(2) and (e)(6) | | |
| a. Debt service as shown in cash-flow analysis | | |
| 1. Entity No. 1: | | \$ - |
| 2. Entity No. 2: | \$ - | \$ - |
| b. Maintenance Tax | | |
| 1. Entity No. 1: | \$ - | \$ - |
| 2. Entity No. 2: | \$ - | \$ - |
| Equivalent surcharge for water and wastewater, if any: | \$ - | \$ - |
| If District is within a city, then indicate the portion of the city’s tax rate specifically attributable to water, wastewater, drainage, or recreation: ⁽²⁾ | \$ 0.0048 | \$ 0.0048 |
| Less any equivalent tax rebate: | \$ - | \$ - |
| TOTAL COMBINED TAX RATE | \$ 0.8447 | \$ 0.8447 |

Notes:

(1) Represents Travis County WCID #17 maintenance tax. The Defined Area does not anticipate levying a maintenance tax.

(2) The City of Lakeway overlaps the Defined Area. Of the \$0.1612 City of Lakeway tax, \$0.0048 is for drainage. See E-mail from City, **Attachment 31(B)**. The Defined Area does not fund recreational facilities with their taxes.

(ix) Total Taxable Value of Area to be Taxed: \$134,414,982 as of January 1, 2017.

(x) Waiver of Special Appraisal:

See **Attachment 32(C)** for a Waiver of Special Appraisal.

Some of the undeveloped land (the 9, 64, 4, and 18.78 acre “save and except tracts”) are under a wildlife management exemption, therefore the certified value and estimated assessed value of the District are based on this exemption pursuant to 30 TAC 293.59(k)(8)(ii). See **Attachment 32(D)** for a copy of the Travis Central Appraisal District Certified Tax Roll, the developer’s undeveloped property being listed on pages 19, 24, and 28.

(xi) Overlapping Tax Rates:

| Taxing Jurisdictions | Tax Year | Current Tax Rate per \$100 Valuation | Projected Tax Rate per \$100 Valuation |
|-----------------------------------|-----------------|---|---|
| Defined Area | 2016 | \$0.6250 | \$0.7800 |
| Travis Co. WCID No. 17 | 2016 | \$0.0599 | \$0.0599 |
| Travis County | 2016 | \$0.3838 | \$0.3838 |
| Lake Travis ISD | 2016 | \$1.4075 | \$1.4075 |
| Travis County Healthcare District | 2016 | \$0.1105 | \$0.1105 |
| City of Lakeway | 2016 | \$0.1612 | \$0.1612 |
| Austin Community College | 2016 | \$0.1020 | \$0.1020 |
| Travis County ESD #6 | 2016 | \$0.1000 | \$0.1000 |
| Total Tax Rate | | \$2.9499 | \$3.1049 |

(G) Development Status:

Does the District have a developer as defined by Water Code Section 49.052(d)? X
Yes ___ No.

(i) Status of Construction

Does the District meet the conditions of Commission Rule 293.59(k)(6) regarding completion of facilities prior to Commission approval necessary to serve the projected development?

1. Compliance with 293.59(k)(6)(A): At the time of Commission approval, all underground water, wastewater, and drainage facilities to be financed with proceeds from the proposed bond issue or necessary to serve the projected build-out used to support the feasibility of the bond issue, shall be at least 95% complete as certified by the district’s engineer. ___ Yes ___ No X Exempt.

The District is exempt since its combined no-growth tax rate is less than \$1.20.

2. **Compliance with 293.59(k)(6)(B):** At the time of Commission approval, all permits for groundwater, surface water, waste discharge, or other permits needed to secure capacity to support the build-out shall have been obtained. **Yes** **No** **Exempt.**
3. **Compliance with 293.59(k)(6)(C):** At the time of Commission approval, sufficient lift station, water plant, and wastewater treatment plant capacity, as applicable depending on the type of district, to serve the connections projected for a period of not less than 18 months shall either be 95% complete as certified by the district's engineer or available in existing plants in accordance with executed contracts for capacity in plant(s) owned by other entities (but in no event less than 50,000 gallons per day water plant and wastewater plant capacity) **Yes** **No** **Exempt.**

The District is exempt since its combined no-growth tax rate is less than \$1.20.

4. **Compliance with 293.59(k)(6)(D):** At the time of Commission approval, water supply, lift station and wastewater treatment capacity needed to support the projected build-out used to support the feasibility of the subject bond application must be existing or funds for that capacity must be included in the bond issue or secured by a letter of credit or other acceptable guarantee approved by the executive director. **Yes** **No** **Exempt.**
5. **Compliance with 293.59(k)(6)(E):** At the time of Commission approval, all street and road construction to provide access to the areas provided with utilities to be financed with proceeds from the proposed bond issue, or necessary to serve the projected build-out used to support the feasibility of the subject bond issue, must be 95% complete as certified by the district's engineer. All streets and roads shall be constructed in accordance with city or county standards, as appropriate. **Yes** **No** **Exempt.**

The District is exempt since its combined no-growth tax rate is less than \$1.20.

(ii) Status of Growth Projected in Previous Bond Issue, if Applicable:

- (a) **Does the District meet the conditions of Commission Rule 293.59(l)(2) and 293.59(l)(3) regarding completion of water and wastewater facilities necessary to serve the connections projected in the previous bond application?** **Yes** **No.**

N/A. The District is exempt since its combined no-growth tax rate is less than \$1.20.

- (b) **Does the District meet the condition of Commission Rule 293.59(l)(4) regarding 75% completion of all prior bond issues?** **Yes** **No.**

N/A. The District is exempt since its combined no-growth tax rate is less than \$1.20.

(H) Market Information:

Paragraph II: A market study is not provided for one of the reasons checked below:

- No growth is projected in determining the feasibility of this bond issue.

SECTION 9 — SHARED FACILITIES

(A) Inventory:

There are no shared facilities in this bond application.

(B) Calculated Pro Rata Shares: N/A

(C) Cost-Sharing Arrangements Requested for Commission Approval: N/A

(D) Oversizing Required by a Local Government or Other Regulatory Agency: N/A

SECTION 10 — PLANS, SPECIFICATIONS, OTHER CONSTRUCTION DOCUMENTS

(A) Plans:

(i) Construction Plans: Copy of the approved plans for Serene Hills Phase 1A and 1B is included with this bond application as a separate roll file.

(ii) Plats:

The following plats are included in **Attachment 57:**

| | |
|------------------------------|--------------|
| Serene Hills – Phase 1A | 57(A) |
| Serene Hills – Phase 1B | 57(B) |
| Serene Hills – Phase 2E | 57(C) |
| Serene Hills – Phase 2W | 57(D) |
| Serene Hills – Phase 3E | 57(E) |
| Serene Hills – Phase 3Wa | 57(F) |
| Serene Hills – Phase 3Wb | 57(G) |
| Mansions at Lakeway | 57(H) |
| Serene Hills Commercial East | 57(I) |

(B) Contract Documents:

Copies of the contract documents for Serene Hills Phase 1A and 1B is included in this application under **Volume 3**.

(C) Construction Documents:

Copies of the construction documents for Serene Hills Phase 1A and 1B is included in this application under **Volume 3**.

(D) Checklist:

A Copy of the checklist for Serene Hills Phase 1A and 1B is included in this application under **Volume 3**.

(E) Easements: n/a

SECTION 11 — SPECIAL CONSIDERATIONS

(A) Developer Projects:

Are any of the projects in the proposed bond issue developer projects as defined in Commission Rule 293.44(a)(1)? Yes No.

- (i) **Clearing and Grubbing:** Clearing and grubbing included in the contract has been prorated according to Commission rules.
- (ii) **Spreading and Compacting of Fill:** Trench spoils in the contract is spreading and compacting of only the utility spoils.
- (iii) **Change in Development Plan: Do any of the projects in the proposed bond issue include the replacement or relocation of existing or designed facilities?** Yes No.

The water and wastewater relocation costs are not related to any change in the plan of development. The relocation was required by the County due to a County road widening project. See **Attachment 7(D)** for a copy of the agreement between the District and County.

- (iv) **Railroad, Pipeline, or Underground-Utility Relocations:** None.
- (v) **Joint-Use Engineering Studies:** None.
- (vi) **Bridges and Culverts:** The box culvert in the contracted is not requested for funding.
- (vii) **Proration of Dual Lake–Detention Pond: Does the project include funds for the purchase or construction of detention pond facilities which will hold water continuously for aesthetic or recreational purposes?** Yes No.
- (viii) **Floodplain Mitigation: Does the project include funds for costs associated with the mitigation of floodplain areas?** Yes No.

(B) All Projects:

- (i) **Appraisals:** N/A
- (ii) **Contract Revenue bonds: Are the proposed bonds contract revenue bonds?** Yes No.
- (iii) **Impact Fees and Capital-Recovery Fees: Does the proposed bond issue include funding for fees calculated and collected under the provisions of Local Government Code 395?** Yes No.

This application includes funding of water and wastewater impact fees. See **Attachment 43** for a spreadsheet detailing fees paid in the District and other fee information.

SECTION 12 — MISCELLANEOUS CONSIDERATIONS

(A) Preconstruction Documents:

Copies of the following agreements are included as **Attachment 44:**

- (A) Utility Development and Conveyance Agreement
- (B) First Amendment to the Utility Development and Conveyance Agreement
- (C) Second Amendment to the Utility Development and Conveyance Agreement
- (D) Third Amendment to the Utility Development and Conveyance Agreement

(B) Bid Advertisement:

Were the competitive bidding statutes complied with in each of the construction contracts executed? X Yes ___ No.

(C) Developer's 30% Contribution Exemption Request:

N/A. The District is only requesting 70% of the eligible costs.

(D) Letters of Credit, Deferment of Bond Proceeds, Other Acceptable Financial Guarantees:

N/A

(E) Developer Interest Reimbursement: N/A

The District Board is not requesting approval to reimburse the developer for more than two years of interest.

(F) Land and Easement Acquisition:

- (i) **Storm-Water Detention Facilities: Does the District intend to purchase easements or sites for storm-water detention facilities?** X Yes ___ No.

The District is requesting to fund land costs for storm water quality ponds in this application.

- (ii) **Easements Outside the District's Boundaries: Does the District intend to purchase easements outside the District's boundaries?** ___ Yes X No.

- (iii) **Downstream Drainage Channels: Does the District intend to purchase easements to improve drainage channels downstream of the District that pass through other Districts?** ___ Yes X No.

- (iv) **Recreational-Facility Sites: Does the District intend to purchase sites for recreational facilities?** ___ Yes X No.

(G) District Participation in Regional Drainage Systems:

Does the proposed bond issue include funds to be paid to a regional drainage authority for capacity in a regional storm-water detention system? ___ Yes X No.

SECTION 13 — MISCELLANEOUS INFORMATION

(A) Contracts with Professional Consultants:

Contracts with the following professional consultants whose fees are included in the bond issue are provided as Attachments.

| | <u>Consultant</u> | <u>Attachment</u> |
|----|--|-------------------|
| 1. | General Counsel – Lloyd Gosselink | 53(A) |
| 2. | Bond Counsel – McCall Parkhurst & Horton LLP | 53(B) |
| 3. | Financial Advisor – Specialized Public Finance, Inc. | 53(C) |
| 4. | Engineer for Bond Application – Jones-Heroy & Associates, Inc. | 53(D) |

(B) Compliance with Commission Rule 293.111(a)(6):

See **Attachment 54** for documentation of compliance with Commission Rule 293.111(a)(6).

(C) Key Personnel:

| | <u>Title</u> | <u>Contact</u> | <u>Address</u> |
|-------|--|---|---|
| (i) | President, Board of Directors | Jeff Roberts Phone: (512) 266-1111 Email: jroberts@wcid17.org | 4811 Eck Lane Austin, Texas 78734-1222 |
| (ii) | General Counsel | Lauren Kalisek Phone: (512) 322-5800 E-mail: lkalisek@lglawfirm.com | Lloyd Gosselink 816 Congress, Suite 1900 Austin, Texas 78704-7047 |
| (iii) | Bond Counsel | Carol Polumbo Phone: (512) 478-3805 Email: cpolumbo@mphlegal.com | McCall. Parkhurst & Horton LLP 600 Congress Avenue, Suite 1250 Austin, Texas 78701-3248 |
| (iv) | Fiscal Agent | Garry Kimball Phone: (512) 275-7300 E-mail: garry@spubfin.com | Specialized Public Finance 248 Addie Roy Road Suite B-103 Austin, Texas 78746 |
| (v) | Operator | Thurman Carlisle Phone: (512) 266-1111 E-mail: | Travis Co. WCID No. 17 3812 Eck Lane Austin, Texas 78734-1613 |

- | | | |
|---|---|--|
| (vi) General Manager | Deborah Gernes Phone: (512) 266-1111 Email: dgernes@wcid17.org | Travis Co. WCID No. 17 3812 Eck Lane Austin, Texas 78734-1613 |
| (vi) Tax Assessor-Collector | Bruce Elfant Phone: (512) 854-8269 Fax: (512) 854-9056 Email: bruce.elfant@co.travis.tx.us | Travis County Tax Assessor/Collector 5501 Airport Boulevard Austin, Texas 78751 |
| (vii) Chief Appraiser | Marya Crigler Phone: (512) 834-9317 Fax: (512) 835-5371 Email: tax_info@tcadcentral.org | Travis County Central Appraisal District 8314 Cross Park Drive Austin, Texas 78754 |
| (viii) Principal Developer | Douglas Hunter Phone: (512) 328-5662 Email: douglashunter@gmail.com | Serene Hills, Ltd. 28 Cousteau Lane Austin, Texas 78746 |
| (x) Bookkeeper | Leslie Terrell Phone: (512) 266-1111 Email: lterrell@wcid17.org | Travis Co. WCID No. 17 3812 Eck Lane Austin, Texas 78734-1111 |
| (xi) Engineer for Bond Application | Ken Heroy, P.E. Phone: (512) 989-2200 Fax: (512) 989-2213 E-mail: kenh@jones-heroy.com | Jones-Heroy & Associates, Inc. 13915 N. Mopac Expy. Suite 408 Austin, Texas 78728 |

(D) Reporting Requirements:

Has the District submitted a current Directors' Registration Form? X Yes ___ No.

Has the District submitted a current District Information Form as required by Water Code Section 49.455? X Yes ___ No.

Has the District submitted a current Audit Report or Financial Dormancy Affidavit? X Yes ___ No.

(E) Name Signs:

Has the District posted at least two name signs, at two or more principal entrances to the District? X Yes ___ No.

There is a sign on Serene Hills Drive at the entrance to the subdivision off Highway 71 West and another near the intersection of Serene Hills Drive and Flint Rock Road.

(F) Other Information: N/A

| Land Cost Summary | | | | | | | | |
|--|---------------|-------------------------|---------------------|--------------------------|---------------------|-------------------|---------------------|-------------------|
| Interest Rate: 4.50% | | | | | | | | |
| Purchase Date | Acres | Cost | Cost Per Acre | Interest Per Acre (1) | Total Cost Per Acre | Total Land Cost | Total Interest Cost | Grand Total |
| 5/1/2007 | 456.63 | \$ 23,100,000.00 | \$ 50,588.00 | \$ 4,553 | \$ 55,141 | | | |
| Storm Water Quality Pond No. 3 Phase 1B | 2.287 | | \$ 50,588.00 | \$ 4,553 | \$ 55,141 | \$ 115,695 | \$ 10,413 | \$ 126,107 |
| Storm Water Quality Pond No. 4 - Phase 2E | 3.48 | | \$ 50,588.00 | \$ 4,553 | \$ 55,141 | \$ 176,046 | \$ 15,844 | \$ 191,890 |
| Storm Water Quality Ponds (1.471 acres & 1.743 acres) - Phase 2W | 3.214 | | \$ 50,588.00 | \$ 4,553 | \$ 55,141 | \$ 162,590 | \$ 14,633 | \$ 177,223 |
| Total | | | | | | \$ 454,331 | \$ 40,890 | \$ 495,221 |

Note (1): Interest is only requested for a period of two years.

| SCHEDULE OF REIMBURSABLE COSTS W/ INTEREST | | | | | | | | | | Reimbursement Date: 9/30/2017 | |
|--|-----------------------------|----------------------------|-------------|---------------------|--------------|----------------------|-----------|------------|---------------------|-------------------------------|--|
| 100% Reimbursable Scenario | | | | | | | | | | Interest Rate: 4.50% | |
| Category | Vendor | Project | Invoice No. | Estimated Paid Date | Amount | Defined Area's Share | No. Days | Interest | Total Reimbursement | | |
| Impact Fees | | | | | | | | | | | |
| Impact Fees | W & WW Impact Fee | Western Rim | | 3/28/14 | \$ 3,502,800 | \$ 3,502,800 | 730 | \$ 315,252 | \$ 3,818,052 | | |
| Subtotal Impact Fee Credit | | | | | \$ 3,502,800 | \$ 3,502,800 | | \$ 315,252 | \$ 3,818,052 | | |
| Water and Wastewater Line Relocation Agreement | | | | | | | | | | | |
| W & WW line Relocation | | | | 6/17/15 | \$ 231,182 | \$ 160,000 | (1) 730 | \$ 14,400 | \$ 174,400 | | |
| Subtotal W & WW Lines Relocation | | | | | \$ 231,182 | \$ 160,000 | | \$ 14,400 | \$ 174,400 | | |
| Serene Hills Phase 1A & 1B Construction | | | | | | | | | | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#1 | 10/15/08 | \$ 599,874 | \$ 372,055 | (2) 925 | \$ 42,430 | \$ 414,485 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#2 | 11/12/08 | \$ 801,466 | \$ 497,087 | (2) 897 | \$ 54,972 | \$ 552,059 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#3 | 12/19/08 | \$ 180,133 | \$ 111,723 | (2) 860 | \$ 11,846 | \$ 123,568 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#4 | 1/15/09 | \$ 34,188 | \$ 21,204 | (2) 833 | \$ 2,178 | \$ 23,382 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#5 | 2/11/09 | \$ 91,113 | \$ 56,510 | (2) 806 | \$ 5,615 | \$ 62,126 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#6 | 3/11/09 | \$ 24,311 | \$ 15,079 | (2) 778 | \$ 1,446 | \$ 16,525 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#7 | 4/14/09 | \$ 19,355 | \$ 12,004 | (2) 744 | \$ 1,101 | \$ 13,105 | | |
| Construction | J.C. Evans Construction Co. | 12-inch Offsite Waterline | P.E.#8 | 4/28/09 | \$ 92,128 | \$ 57,140 | (2) 730 | \$ 5,143 | \$ 62,283 | | |
| Subtotal Serene Hills Phase 1A & 1B Construction | | | | | \$ 1,842,568 | \$ 1,142,802 | | \$ 124,731 | \$ 1,267,532 | | |
| Serene Hills Phase 1A & 1B Engineering and Permitting | | | | | | | | | | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K32051 | 10/31/07 | \$ 25,833 | \$ 16,022 | (2) 1,275 | \$ 2,519 | \$ 18,541 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K32505 | 1/9/08 | \$ 55,554 | \$ 34,456 | (2) 1,205 | \$ 5,119 | \$ 39,575 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K33079 | 1/9/08 | \$ 29,255 | \$ 18,145 | (2) 1,205 | \$ 2,696 | \$ 20,840 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K33600 | 1/9/08 | \$ 25,719 | \$ 15,952 | (2) 1,205 | \$ 2,370 | \$ 18,321 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K34581 | 3/12/08 | \$ 19,152 | \$ 11,879 | (2) 1,142 | \$ 1,672 | \$ 13,551 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K34323 | 3/12/08 | \$ 17,417 | \$ 10,802 | (2) 1,142 | \$ 1,521 | \$ 12,323 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K35100 | 4/22/08 | \$ 26,953 | \$ 16,717 | (2) 1,101 | \$ 2,269 | \$ 18,986 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K35504 | 4/22/08 | \$ 30,825 | \$ 19,118 | (2) 1,101 | \$ 2,595 | \$ 21,713 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K35977 | 6/23/08 | \$ 14,627 | \$ 9,072 | (2) 1,039 | \$ 1,162 | \$ 10,234 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K36546 | 6/23/08 | \$ 12,926 | \$ 8,017 | (2) 1,039 | \$ 1,027 | \$ 9,044 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K37113 | 9/15/08 | \$ 40,331 | \$ 25,014 | (2) 955 | \$ 2,945 | \$ 27,959 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K37427 | 9/15/08 | \$ 21,856 | \$ 13,556 | (2) 955 | \$ 1,596 | \$ 15,152 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K37852 | 11/12/08 | \$ 32,777 | \$ 20,329 | (2) 897 | \$ 2,248 | \$ 22,577 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K38679 | 11/12/08 | \$ 14,210 | \$ 8,813 | (2) 897 | \$ 975 | \$ 9,788 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K38993 | 12/10/08 | \$ 8,557 | \$ 5,307 | (2) 869 | \$ 569 | \$ 5,876 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K39355 | 1/15/09 | \$ 12,504 | \$ 7,755 | (2) 833 | \$ 796 | \$ 8,551 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K40141 | 2/11/09 | \$ 15,230 | \$ 9,446 | (2) 806 | \$ 939 | \$ 10,385 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K40568 | 4/13/09 | \$ 4,942 | \$ 3,065 | (2) 745 | \$ 282 | \$ 3,347 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K40887 | 4/13/09 | \$ 15,380 | \$ 9,539 | (2) 745 | \$ 876 | \$ 10,415 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K41279 | 5/5/09 | \$ 8,493 | \$ 5,267 | (2) 730 | \$ 474 | \$ 5,741 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K41805 | 6/16/09 | \$ 10,139 | \$ 6,289 | (2) 730 | \$ 566 | \$ 6,855 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K42265 | 9/10/09 | \$ 5,191 | \$ 3,219 | (2) 730 | \$ 290 | \$ 3,509 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K42626 | 9/10/09 | \$ 1,214 | \$ 753 | (2) 730 | \$ 68 | \$ 821 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K42916 | 9/18/09 | \$ 895 | \$ 555 | (2) 730 | \$ 50 | \$ 605 | | |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K43161 | 11/4/09 | \$ 2,994 | \$ 1,857 | (2) 730 | \$ 167 | \$ 2,024 | | |

Travis County WCID No. 17 - Serene Hills Defined Area
 Bond Issue No. 3
 Developer Interest Table

| Category | Vendor | Project | Invoice No. | Estimated Paid Date | Amount | Defined Area's Share | No. Days | Interest | Total Reimbursement |
|---|--------------------------|----------------------------|-------------|---------------------|-------------------|----------------------|--------------|------------------|---------------------|
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K43770 | 2/12/10 | \$ 935 | \$ 580 | (2) 730 | \$ 52 | \$ 632 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K43502 | 3/2/10 | \$ 2,236 | \$ 1,387 | (2) 730 | \$ 125 | \$ 1,511 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K44183 | 3/31/10 | \$ 588 | \$ 364 | (2) 730 | \$ 33 | \$ 397 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K45497 | 6/23/10 | \$ 6,038 | \$ 3,745 | (2) 730 | \$ 337 | \$ 4,082 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K46983B | 12/2/10 | \$ 2,603 | \$ 1,614 | (2) 730 | \$ 145 | \$ 1,759 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K46176B | 12/2/10 | \$ 3,082 | \$ 1,911 | (2) 730 | \$ 172 | \$ 2,083 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K47751B | 1/6/11 | \$ 1,750 | \$ 1,085 | (2) 730 | \$ 98 | \$ 1,183 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K49164B | 6/9/11 | \$ 6,076 | \$ 3,768 | (2) 730 | \$ 339 | \$ 4,108 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K49655B | 8/1/11 | \$ 4,296 | \$ 2,665 | (2) 730 | \$ 240 | \$ 2,904 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K50018B | 9/7/11 | \$ 2,961 | \$ 1,836 | (2) 730 | \$ 165 | \$ 2,002 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K50180B | 10/1/11 | \$ 3,920 | \$ 2,431 | (2) 730 | \$ 219 | \$ 2,650 |
| Engineering & Permitting | King Engineering | Serene Hills Phase 1A & 1B | K50832B | 12/1/11 | \$ 10,865 | \$ 6,739 | (2) 730 | \$ 606 | \$ 7,345 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 04-15508-1 | 6/23/08 | \$ 7,375 | \$ 4,574 | (2) 1,039 | \$ 586 | \$ 5,160 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-1 | 9/15/08 | \$ 4,315 | \$ 2,676 | (2) 955 | \$ 315 | \$ 2,991 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-2 | 10/15/08 | \$ 5,086 | \$ 3,154 | (2) 925 | \$ 360 | \$ 3,514 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-2 | 11/12/08 | \$ 4,706 | \$ 2,919 | (2) 897 | \$ 323 | \$ 3,242 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-4 | 12/10/08 | \$ 2,015 | \$ 1,249 | (2) 869 | \$ 134 | \$ 1,383 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-5 | 1/15/09 | \$ 333 | \$ 206 | (2) 833 | \$ 21 | \$ 227 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-6 | 2/11/09 | \$ 2,690 | \$ 1,668 | (2) 806 | \$ 166 | \$ 1,834 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-7 | 3/11/09 | \$ 1,673 | \$ 1,038 | (2) 778 | \$ 100 | \$ 1,137 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-8 | 4/13/09 | \$ 1,015 | \$ 629 | (2) 745 | \$ 58 | \$ 687 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-9 | 5/5/09 | \$ 6,288 | \$ 3,900 | (2) 730 | \$ 351 | \$ 4,251 |
| Engineering & Permitting | Holt Engineering | Serene Hills Phase 1A & 1B | 07-38308-12 | 6/16/09 | \$ 3,032 | \$ 1,881 | (2) 730 | \$ 169 | \$ 2,050 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1534 | 1/28/08 | \$ 2,100 | \$ 651 | (2)(3) 1,186 | \$ 95 | \$ 746 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1707 | 9/29/08 | \$ 19,929 | \$ 6,180 | (2)(3) 941 | \$ 717 | \$ 6,897 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1749 | 4/15/09 | \$ 8,000 | \$ 2,481 | (2)(3) 743 | \$ 227 | \$ 2,708 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1749 | 5/5/09 | \$ 6,965 | \$ 2,160 | (2)(3) 730 | \$ 194 | \$ 2,354 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1657 | 9/15/08 | \$ 8,936 | \$ 2,771 | (2)(3) 955 | \$ 326 | \$ 3,097 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1668 | 9/15/08 | \$ 7,609 | \$ 2,360 | (2)(3) 955 | \$ 278 | \$ 2,638 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1690 | 10/15/08 | \$ 11,862 | \$ 3,678 | (2)(3) 925 | \$ 419 | \$ 4,098 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1732 | 11/12/08 | \$ 11,936 | \$ 3,702 | (2)(3) 897 | \$ 409 | \$ 4,111 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1728 | 11/12/08 | \$ 3,000 | \$ 930 | (2)(3) 897 | \$ 103 | \$ 1,033 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1756 | 1/15/09 | \$ 5,292 | \$ 1,641 | (2)(3) 833 | \$ 169 | \$ 1,810 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1775 | 12/11/09 | \$ 25,619 | \$ 7,945 | (2)(3) 730 | \$ 715 | \$ 8,660 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1785 | 3/11/09 | \$ 2,063 | \$ 640 | (2)(3) 778 | \$ 61 | \$ 701 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1800 | 4/13/09 | \$ 1,005 | \$ 312 | (2)(3) 745 | \$ 29 | \$ 340 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1806 | 5/5/09 | \$ 1,315 | \$ 408 | (2)(3) 730 | \$ 37 | \$ 444 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1818 | 7/21/09 | \$ 188 | \$ 58 | (2)(3) 730 | \$ 5 | \$ 63 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1837 | 7/21/09 | \$ 375 | \$ 116 | (2)(3) 730 | \$ 10 | \$ 127 |
| Engineering & Permitting | Delta Survey Group, Inc. | Serene Hills Phase 1A & 1B | 1872 | 11/4/09 | \$ 508 | \$ 157 | (2)(3) 730 | \$ 14 | \$ 172 |
| Subtotal Serene Hills Phase 1A & 1B Engineering and Permitting | | | | | \$ 653,550 | \$ 369,156 | | \$ 44,713 | \$ 413,868 |

| Category | Vendor | Project | Invoice No. | Estimated Paid Date | Amount | Defined Area's Share | No. Days | Interest | Total Reimbursement |
|--|---------------------------|----------------------------|-------------|---------------------|-----------------|-------------------------|----------|---------------|---------------------|
| SWPPP for Serene Hills Phase 1A & 1B | | | | | | | | | |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-5418 | 9/28/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-5419 | 9/28/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-5960 | 10/24/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-6543 | 11/22/08 | \$ 300 | \$ 195 ⁽²⁾ | 730 | \$ 18 | \$ 213 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-6593 | 11/23/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-7112 | 12/21/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2008-7626 | 1/22/08 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-0140 | 2/11/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-0746 | 3/24/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-1249 | 4/27/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-1607 | 5/21/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-2022 | 6/21/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-2473 | 7/24/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-2927 | 8/28/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-3293 | 9/21/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-4247 | 10/30/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-4443 | 11/19/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2009-4962 | 12/30/09 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2010-0259 | 1/28/10 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| SWPPP | Compliance Resources Inc. | Serene Hills Phase 1A & 1B | 2010-0463 | 2/25/10 | \$ 500 | \$ 325 ⁽²⁾ | 730 | \$ 29 | \$ 354 |
| Subtotal SWPPP for Serene Hills Phase 1A & 1B | | | | | \$ 9,800 | \$ 6,374 | | \$ 574 | \$ 6,948 |
| Legal Construction Costs for Serene Hills Phase 1A & 1B | | | | | | | | | |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 11401 | 9/19/07 | \$ 248 | \$ 154 ⁽²⁾ | 730 | \$ 14 | \$ 167 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10175 | 3/12/08 | \$ 113 | \$ 70 ⁽²⁾ | 730 | \$ 6 | \$ 76 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10175 | 6/23/08 | \$ 338 | \$ 209 ⁽²⁾ | 730 | \$ 19 | \$ 228 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10400 | 8/13/08 | \$ 360 | \$ 223 ⁽²⁾ | 730 | \$ 20 | \$ 243 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10726 | 9/10/09 | \$ 792 | \$ 491 ⁽²⁾ | 730 | \$ 44 | \$ 535 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10874 | 12/21/09 | \$ 768 | \$ 476 ⁽²⁾ | 730 | \$ 43 | \$ 519 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10874 | 12/21/09 | \$ 1,248 | \$ 774 ⁽²⁾ | 730 | \$ 70 | \$ 844 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 11429 | 9/19/07 | \$ 2,205 | \$ 1,368 ⁽²⁾ | 730 | \$ 123 | \$ 1,491 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 11454 | 9/19/07 | \$ 1,305 | \$ 809 ⁽²⁾ | 730 | \$ 73 | \$ 882 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10874 | 12/21/09 | \$ 432 | \$ 268 ⁽²⁾ | 730 | \$ 24 | \$ 292 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | | 7/14/11 | \$ 360 | \$ 223 ⁽²⁾ | 730 | \$ 20 | \$ 243 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 10891 | 2/12/10 | \$ 336 | \$ 208 ⁽²⁾ | 730 | \$ 19 | \$ 227 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 13712 | 4/28/15 | \$ 528 | \$ 327 ⁽²⁾ | 730 | \$ 29 | \$ 357 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 13850 | 6/29/15 | \$ 1,176 | \$ 729 ⁽²⁾ | 730 | \$ 66 | \$ 795 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 13942 | 7/27/15 | \$ 936 | \$ 581 ⁽²⁾ | 730 | \$ 52 | \$ 633 |
| Legal Construction | Freeman & Corbett | Serene Hills Phase 1A & 1B | 11828 | 9/7/11 | \$ 984 | \$ 610 ⁽²⁾ | 730 | \$ 55 | \$ 665 |
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 8259 | 1/11/08 | \$ 95 | \$ 59 ⁽²⁾ | 730 | \$ 5 | \$ 64 |
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 8770 | 6/30/08 | \$ 1,177 | \$ 730 ⁽²⁾ | 730 | \$ 66 | \$ 795 |
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 8911 | 6/23/08 | \$ 1,287 | \$ 798 ⁽²⁾ | 730 | \$ 72 | \$ 870 |

| Category | Vendor | Project | Invoice No. | Estimated Paid Date | Amount | Defined Area's Share | No. Days | Interest | Total Reimbursement |
|---|-----------------------|----------------------------|-------------|---------------------|---------------------|--------------------------|----------|-------------------|---------------------|
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 9026 | 6/23/08 | \$ 7,514 | \$ 4,660 ⁽²⁾ | 730 | \$ 419 | \$ 5,080 |
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 9156 | 9/30/08 | \$ 1,502 | \$ 931 ⁽²⁾ | 730 | \$ 84 | \$ 1,015 |
| Legal Construction | McLean & Howard, LLP | Serene Hills Phase 1A & 1B | 10279 | 7/28/09 | \$ 2,511 | \$ 1,557 ⁽²⁾ | 730 | \$ 140 | \$ 1,698 |
| Legal Construction | Shipman & Goodwin LLP | Serene Hills Phase 1A & 1B | 331582 | 1/9/08 | \$ 577 | \$ 358 ⁽²⁾ | 730 | \$ 32 | \$ 390 |
| Subtotal Legal Construction Costs for Serene Hills Phase 1A & 1B | | | | | \$ 26,789 | \$ 16,615 | | \$ 1,495 | \$ 18,110 |
| Bond Engineering Report Costs | | | | | | | | | |
| Bond Engr. Report | Jones-Heroy & Assoc. | Engineering | | 3/10/2017 | \$ 30,000 | \$ 30,000 ⁽⁴⁾ | 204 | \$ 755 | \$ 30,755 |
| Total Bond Engineering Report Costs | | | | | \$ 30,000 | \$ 30,000 | | \$ 755 | \$ 30,755 |
| Grand Total | | | | | \$ 6,296,690 | \$ 5,227,747 | | \$ 501,919 | \$ 5,729,666 |

| ⁽¹⁾ Water and Wastewater Lines Relocation Agreement | | Amount | Percent |
|--|--|------------|---------|
| W & WW Lines Relocation | | \$ 231,182 | 100.00% |
| Amount Requested in this Application: | | \$ 160,000 | 69.21% |
| Amount to be Funded in the Future Application: | | \$ 71,182 | 30.79% |

| ⁽²⁾ Offsite 12-inch Waterline included in Serene Hills Phase 1A & 1B Contract | | Amount | Percent |
|---|--------------------|--------------|---------|
| Total Contract: | | \$ 1,842,568 | 100.00% |
| Total 12-inch Waterline Onsite and Offsite (Along Serene Hills Dr. and Hwy 71 & Flintrock Rd.): | | \$ 350,481 | |
| Offsite 12-inch Waterline along Hwy 71 & Flintrock Drive (Amount funded in Bond Application No. 2): | | \$ 130,464 | 7.08% |
| Developer Cost | | \$ 79,531 | 4.32% |
| Total Remaining Eligible Amount | | \$ 1,632,574 | |
| Amount Requested in this Application: (requesting only 70% of eligible amount) | | \$ 1,142,802 | 62.02% |
| <p style="text-align: right;">\$ 1,712,105 93%</p> | | | |
| <u>proration of 12" line</u> | | | |
| Offsite 12-inch | along 71&Flintrock | 3425 | 37.2% |
| Onsite 12-inch | along S.H. Dr. | 5776 | 62.8% |
| | | 9,201 | |

| ⁽³⁾ Engineering - Delta Survey Group, Inc. | |
|--|--|
| Surveying is pro rated at 50% developer cost and 50% district costs. | |

| Previous | Proposed | Previous | Proposed | Total | Total |
|--|--|---|---|--|---|
| District Funded Water Impact Fees | Water Impact Fees Included in Application | District Funded Wastewater Impact Fees | Wastewater Impact Fees Included in Application | Total to Date Water Impact Fees | Total to Date Wastewater Impact Fees |
| 364 ⁽¹⁾ | 208.5 ⁽²⁾ | 315 ⁽¹⁾ | 208.5 ⁽²⁾ | 572.5 | 523.5 |

Notes:

(1) Impact fees for 315 ESFCs at \$3,500 per ESFC for water and \$11,547 for wastewater. The land for planned wastewater effluent Irrigation Tract, Effluent Storage Pond Site and Disposal Tract was given to Travis County WCID No. 17 in return for credit for impact fees; plus water Impacts Fees for 49 ESFCs at \$4,200 per ESFC.

(2) Impact fees for 208.5 ESFCs at \$4,200 per ESFC for for water and \$12,600 for wastewater for Mansions at Lakeway Apartment Complex.

Serene Hills Phase 1A & 1B
J.C. Evans Construction, C.

Erosion/Sedimentation Control & Tree Protection

| Item | Description | Cost | SHDA | | Developer Cost |
|-------------------------|------------------|---------------------|-------|---------------------|----------------|
| | | | Share | SHDA Cost | |
| 1 | revegetation | \$ 12,240.00 | 100% | \$ 12,240.00 | \$ - |
| 2 | SWPPP monitoring | \$ 1,000.00 | 100% | \$ 1,000.00 | \$ - |
| Subtotal Erosion | | \$ 13,240.00 | | \$ 13,240.00 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|--------------------|
| | \$ 8,568.00 |
| | \$ 700.00 |
| \$ - | \$ 9,268.00 |

Drainage

| Item | Description | Cost | SHDA | | Developer Cost |
|--------------------------|---------------------------|----------------------|-------|----------------------|---------------------|
| | | | Share | SHDA Cost | |
| 3 | 18" rcp | \$ 56,203.00 | 100% | \$ 56,203.00 | \$ - |
| 4 | 18' rcp at creek crossing | \$ 4,309.00 | 100% | \$ 4,309.00 | \$ - |
| 5 | 24" rcp | \$ 46,710.00 | 100% | \$ 46,710.00 | \$ - |
| 6 | 30" rcp | \$ 79,488.00 | 100% | \$ 79,488.00 | \$ - |
| 7 | 36" rcp | \$ 69,792.00 | 100% | \$ 69,792.00 | \$ - |
| 8 | 42" rcp | \$ 60,840.00 | 100% | \$ 60,840.00 | \$ - |
| 9 | 48" rcp | \$ 215,574.00 | 100% | \$ 215,574.00 | \$ - |
| 10 | 5x5 box culvert | \$ 72,090.00 | 0% | \$ - | \$ 72,090.00 |
| 11 | storm sewer manholes | \$ 8,400.00 | 100% | \$ 8,400.00 | \$ - |
| 12 | trench safety | \$ 7,345.00 | 100% | \$ 7,345.00 | \$ - |
| 13 | 10' curb inlet | \$ 60,900.00 | 100% | \$ 60,900.00 | \$ - |
| 14 | 20' curb inlet | \$ 7,000.00 | 100% | \$ 7,000.00 | \$ - |
| 16 | 4x4 grate inlet | \$ 46,500.00 | 100% | \$ 46,500.00 | \$ - |
| 17 | pavement repair | \$ 3,500.00 | 100% | \$ 3,500.00 | \$ - |
| 18 | traffic control | \$ 2,000.00 | 100% | \$ 2,000.00 | \$ - |
| 19 | rip rap | \$ 1,500.00 | 100% | \$ 1,500.00 | \$ - |
| 20 | 18" SET | \$ 1,200.00 | 100% | \$ 1,200.00 | \$ - |
| 21 | 24" SET | \$ 2,800.00 | 100% | \$ 2,800.00 | \$ - |
| 22 | level spreader | \$ 1,500.00 | 100% | \$ 1,500.00 | \$ - |
| 23 | 30" SHED | \$ 3,300.00 | 100% | \$ 3,300.00 | \$ - |
| 24 | 36" SHED | \$ 7,600.00 | 100% | \$ 7,600.00 | \$ - |
| 25 | 48" SHED | \$ 10,800.00 | 100% | \$ 10,800.00 | \$ - |
| 26 | verification of existing | \$ 1,200.00 | 100% | \$ 1,200.00 | \$ - |
| 27 | construction staking | \$ 30,000.00 | 100% | \$ 30,000.00 | \$ - |
| Subtotal Drainage | | \$ 800,551.00 | | \$ 728,461.00 | \$ 72,090.00 |

| 100% Eligible | 70% Eligible |
|---------------|----------------------|
| | \$ 39,342.10 |
| | \$ 3,016.30 |
| | \$ 32,697.00 |
| | \$ 55,641.60 |
| | \$ 48,854.40 |
| | \$ 42,588.00 |
| | \$ 150,901.80 |
| | \$ - |
| | \$ 5,880.00 |
| | \$ 5,141.50 |
| | \$ 42,630.00 |
| | \$ 4,900.00 |
| | \$ 32,550.00 |
| | \$ 2,450.00 |
| | \$ 1,400.00 |
| | \$ 1,050.00 |
| | \$ 840.00 |
| | \$ 1,960.00 |
| | \$ 1,050.00 |
| | \$ 2,310.00 |
| | \$ 5,320.00 |
| | \$ 7,560.00 |
| | \$ 840.00 |
| | \$ 21,000.00 |
| \$ - | \$ 509,922.70 |

| Water | Description | Cost | SHDA | | Developer Cost |
|-----------------------|---------------------------|----------------------|-------|----------------------|--------------------|
| | | | Share | SHDA Cost | |
| 28 | clearing & grubbing | \$ 5,142.00 | 50% | \$ 2,571.00 | \$ 2,571.00 |
| 29 | 4" pvc | \$ 5,258.00 | 100% | \$ 5,258.00 | \$ - |
| 30 | 8" pvc | \$ 11,472.00 | 100% | \$ 11,472.00 | \$ - |
| 31 | 12" pvc | \$ 276,030.00 | 100% | \$ 276,030.00 | \$ - |
| 32-4&8 | connect to existing | \$ 1,100.00 | 100% | \$ 1,100.00 | \$ - |
| 32-12 | connect to existing | \$ 550.00 | 100% | \$ 550.00 | \$ - |
| 33 | double water service-long | \$ 12,800.00 | 100% | \$ 12,800.00 | \$ - |
| 34 | double wate service-short | \$ 7,125.00 | 100% | \$ 7,125.00 | \$ - |
| 35 | single water service-long | \$ 11,800.00 | 100% | \$ 11,800.00 | \$ - |
| 37-4&8 | trench safety | \$ 358.50 | 100% | \$ 358.50 | \$ - |
| 37-12 | trench safety | \$ 4,600.50 | 100% | \$ 4,600.50 | \$ - |
| 38 | fire hydrant | \$ 75,900.00 | 100% | \$ 75,900.00 | \$ - |
| 39 | 6" fire hydrant lead | \$ 8,876.00 | 100% | \$ 8,876.00 | \$ - |
| 41 | 8" gate valve | \$ 7,800.00 | 100% | \$ 7,800.00 | \$ - |
| 42 | 12" gate valve | \$ 62,100.00 | 100% | \$ 62,100.00 | \$ - |
| 43-4&8 | air relief valve | \$ 7,200.00 | 100% | \$ 7,200.00 | \$ - |
| 43-12 | air relief valve | \$ 7,200.00 | 100% | \$ 7,200.00 | \$ - |
| 44 | raise valve castings | \$ 11,475.00 | 100% | \$ 11,475.00 | \$ - |
| 45 | ductile iron fittings | \$ 12,250.00 | 100% | \$ 12,250.00 | \$ - |
| Subtotal Water | | \$ 529,037.00 | | \$ 526,466.00 | \$ 2,571.00 |

| 100% Eligible | 70% Eligible |
|----------------------|----------------------|
| | \$ 1,799.70 |
| | \$ 3,680.60 |
| | \$ 8,030.40 |
| \$ 102,750.00 | \$ 121,296.00 |
| | \$ 770.00 |
| \$ 204.73 | \$ 241.69 |
| | \$ 8,960.00 |
| | \$ 4,987.50 |
| | \$ 8,260.00 |
| | \$ 250.95 |
| \$ 1,712.50 | \$ 2,021.60 |
| | \$ 53,130.00 |
| | \$ 6,213.20 |
| | \$ 5,460.00 |
| \$ 23,116.24 | \$ 27,288.63 |
| | \$ 5,040.00 |
| \$ 2,680.14 | \$ 3,163.90 |
| | \$ 8,032.50 |
| | \$ 8,575.00 |
| \$ 130,463.61 | \$ 277,201.67 |

| Wastewater | Description | Cost | SHDA | | Developer Cost |
|------------|------------------------|--------------|-------|--------------|----------------|
| | | | Share | SHDA Cost | |
| 46 | 8" pvc (0-8' depth) | \$ 9,768.00 | 100% | \$ 9,768.00 | \$ - |
| 47 | 8" pvc (8'-10' depth) | \$ 16,536.00 | 100% | \$ 16,536.00 | \$ - |
| 48 | 8" pvc (10'-12' depth) | \$ 62,664.00 | 100% | \$ 62,664.00 | \$ - |
| 49 | 8" pvc (12'-14' depth) | \$ 36,000.00 | 100% | \$ 36,000.00 | \$ - |
| 50 | 8" pvc (14'-16' depth) | \$ 33,280.00 | 100% | \$ 33,280.00 | \$ - |
| 51 | 8" pvc (16'-18' depth) | \$ 11,662.00 | 100% | \$ 11,662.00 | \$ - |
| 52 | 8" pvc (18'-20' depth) | \$ 11,844.00 | 100% | \$ 11,844.00 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|--------------|
| | \$ 6,837.60 |
| | \$ 11,575.20 |
| | \$ 43,864.80 |
| | \$ 25,200.00 |
| | \$ 23,296.00 |
| | \$ 8,163.40 |
| | \$ 8,290.80 |

Serene Hills Phase 1A & 1B
J.C. Evans Construction, C.

| | | Cost | SHDA Share | SHDA Cost | Developer Cost | 100% Eligible | 70% Eligible |
|----------------------------|---------------------------------|----------------------|------------|----------------------|--------------------|---------------|----------------------|
| 53 | 8" pvc (20'-22' depth) | \$ 5,421.00 | 100% | \$ 5,421.00 | \$ - | | \$ 3,794.70 |
| 54 | 10" pvc (0-8' depth) | \$ 6,812.00 | 100% | \$ 6,812.00 | \$ - | | \$ 4,768.40 |
| 55 | 10" pvc (8'-10' depth) | \$ 4,648.00 | 100% | \$ 4,648.00 | \$ - | | \$ 3,253.60 |
| 56 | 10" pvc (10'-12' depth) | \$ 18,810.00 | 100% | \$ 18,810.00 | \$ - | | \$ 13,167.00 |
| 57 | 10" pvc (12'-14' depth) | \$ 9,216.00 | 100% | \$ 9,216.00 | \$ - | | \$ 6,451.20 |
| 58 | 4' diameter manhole | \$ 81,200.00 | 100% | \$ 81,200.00 | \$ - | | \$ 56,840.00 |
| 59 | 4' diameter drop manhole | \$ 21,700.00 | 100% | \$ 21,700.00 | \$ - | | \$ 15,190.00 |
| 60 | 4' diameter manhole-bolted | \$ 9,000.00 | 100% | \$ 9,000.00 | \$ - | | \$ 6,300.00 |
| 61 | extra depth manhole | \$ 61,380.00 | 100% | \$ 61,380.00 | \$ - | | \$ 42,966.00 |
| 62 | double ww service-long | \$ 2,950.00 | 100% | \$ 2,950.00 | \$ - | | \$ 2,065.00 |
| 63 | double ww service-short | \$ 39,750.00 | 100% | \$ 39,750.00 | \$ - | | \$ 27,825.00 |
| 64 | single ww service-long | \$ 2,800.00 | 100% | \$ 2,800.00 | \$ - | | \$ 1,960.00 |
| 65 | single ww service-short | \$ 22,050.00 | 100% | \$ 22,050.00 | \$ - | | \$ 15,435.00 |
| 66 | 4" pvc force main | \$ 6,688.00 | 100% | \$ 6,688.00 | \$ - | | \$ 4,681.60 |
| 67 | 4" force connection to existing | \$ 850.00 | 100% | \$ 850.00 | \$ - | | \$ 595.00 |
| 68 | raise castings | \$ 11,400.00 | 100% | \$ 11,400.00 | \$ - | | \$ 7,980.00 |
| 70 | trench safety | \$ 9,741.25 | 100% | \$ 9,741.25 | \$ - | | \$ 6,818.88 |
| 71 | 3" pvc sleeves | \$ 7,464.00 | 100% | \$ 7,464.00 | \$ - | (1) | \$ 5,224.80 |
| 72 | 4" pvc sleeves | \$ 480.00 | 100% | \$ 480.00 | \$ - | (1) | \$ 336.00 |
| 73 | 8" pvc sleeves | \$ 960.00 | 100% | \$ 960.00 | \$ - | (1) | \$ 672.00 |
| 74 | 10" pvc sleeves | \$ 1,360.00 | 0% | \$ - | \$ 1,360.00 | | \$ - |
| 75 | 12" pvc sleeves | \$ 1,840.00 | 100% | \$ 1,840.00 | \$ - | (1) | \$ 1,288.00 |
| 76 | trench spoils | \$ 30,220.00 | 100% | \$ 30,220.00 | \$ - | | \$ 21,154.00 |
| Subtotal Wastewater | | \$ 538,494.25 | | \$ 537,134.25 | \$ 1,360.00 | \$ - | \$ 375,993.98 |

| Misc. Items | Cost | SHDA Share | SHDA Cost | Developer Cost |
|-----------------------------|---------------------|------------|---------------------|----------------|
| 1 bonds | \$ 23,300.00 | 100% | \$ 23,300.00 | \$ - |
| Subtotal Misc. Items | \$ 23,300.00 | | \$ 23,300.00 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|---------------------|
| | \$ 16,310.00 |
| | \$ 16,310.00 |

| Deductive Alternates | Cost | SHDA Share | SHDA Cost | Developer Cost | |
|--------------------------------------|--------------------------|------------------------|-----------|------------------------|-------------|
| D1 | 8" pvc (0-8' depth) | \$ (4,680.00) | 100% | \$ (4,680.00) | \$ - |
| D2 | 8" pvc (8'-10' depth) | \$ (2,158.00) | 100% | \$ (2,158.00) | \$ - |
| D3 | 8" pvc (10'-12' depth) | \$ (20,216.00) | 100% | \$ (20,216.00) | \$ - |
| D4 | 8" pvc (12'-14' depth) | \$ (18,060.00) | 100% | \$ (18,060.00) | \$ - |
| D5 | 8" pvc (14'-16' depth) | \$ (13,120.00) | 100% | \$ (13,120.00) | \$ - |
| D6 | 8" pvc (16'-18' depth) | \$ (8,296.00) | 100% | \$ (8,296.00) | \$ - |
| D7 | 8" pvc (18'-20' depth) | \$ (792.00) | 100% | \$ (792.00) | \$ - |
| D8 | 8" pvc (20'-22' depth) | \$ (4,563.00) | 100% | \$ (4,563.00) | \$ - |
| D9 | 4' diameter manhole | \$ (23,200.00) | 100% | \$ (23,200.00) | \$ - |
| D10 | 4' diameter drop manhole | \$ (9,300.00) | 100% | \$ (9,300.00) | \$ - |
| D11 | extra depth manhole | \$ (20,460.00) | 100% | \$ (20,460.00) | \$ - |
| D12 | raise castings | \$ (3,300.00) | 100% | \$ (3,300.00) | \$ - |
| D13 | double ww service-short | \$ (6,625.00) | 100% | \$ (6,625.00) | \$ - |
| D14 | single ww service-short | \$ (4,900.00) | 100% | \$ (4,900.00) | \$ - |
| D15 | trench safety | \$ (2,545.00) | 100% | \$ (2,545.00) | \$ - |
| D16 | trench spoils | \$ (1,616.00) | 100% | \$ (1,616.00) | \$ - |
| Subtotal Deductive Alternates | | \$ (143,831.00) | | \$ (143,831.00) | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|------------------------|
| | \$ (3,276.00) |
| | \$ (1,510.60) |
| | \$ (14,151.20) |
| | \$ (12,642.00) |
| | \$ (9,184.00) |
| | \$ (5,807.20) |
| | \$ (554.40) |
| | \$ (3,194.10) |
| | \$ (16,240.00) |
| | \$ (6,510.00) |
| | \$ (14,322.00) |
| | \$ (2,310.00) |
| | \$ (4,637.50) |
| | \$ (3,430.00) |
| | \$ (1,781.50) |
| | \$ (1,131.20) |
| \$ - | \$ (100,681.70) |

| Add Offsite | Cost | SHDA Share | SHDA Cost | Developer Cost | |
|-------------|------------------------|-------------|-----------|----------------|-------------|
| CO 1 | 8" pvc (0-8' depth) | \$ 4,968.00 | 100% | \$ 4,968.00 | \$ - |
| CO 1 | 8" pvc (8'-10' depth) | \$ 728.00 | 100% | \$ 728.00 | \$ - |
| CO 1 | 8" pvc (10'-12' depth) | \$ 2,548.00 | 100% | \$ 2,548.00 | \$ - |
| CO 1 | 8" pvc (12'-14' depth) | \$ 600.00 | 100% | \$ 600.00 | \$ - |
| CO 1 | 8" pvc (14'-16' depth) | \$ 608.00 | 100% | \$ 608.00 | \$ - |
| CO 1 | 8" pvc (16'-18' depth) | \$ 510.00 | 100% | \$ 510.00 | \$ - |
| CO 1 | 8" pvc (18'-20' depth) | \$ 648.00 | 100% | \$ 648.00 | \$ - |
| CO 1 | 8" pvc (20'-22' depth) | \$ 3,783.00 | 100% | \$ 3,783.00 | \$ - |
| CO 1 | 8" pvc (22'-24' depth) | \$ 630.00 | 100% | \$ 630.00 | \$ - |
| CO 1 | 4' diameter manhole | \$ 6,000.00 | 100% | \$ 6,000.00 | \$ - |
| CO 1 | trench safety | \$ 637.50 | 100% | \$ 637.50 | \$ - |
| CO 1 | trench spoils | \$ 600.00 | 100% | \$ 600.00 | \$ - |
| CO 1 | revegetation | \$ 5,600.00 | 100% | \$ 5,600.00 | \$ - |
| CO 1 | SWPPP monitoring | \$ 300.00 | 100% | \$ 300.00 | \$ - |
| CO 1 | clearing | \$ 4,130.00 | 50% | \$ 2,065.00 | \$ 2,065.00 |
| CO 1 | silt fence | \$ 1,075.00 | 100% | \$ 1,075.00 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|--------------|
| | \$ 3,477.60 |
| | \$ 509.60 |
| | \$ 1,783.60 |
| | \$ 420.00 |
| | \$ 425.60 |
| | \$ 357.00 |
| | \$ 453.60 |
| | \$ 2,648.10 |
| | \$ 441.00 |
| | \$ 4,200.00 |
| | \$ 446.25 |
| | \$ 420.00 |
| | \$ 3,920.00 |
| | \$ 210.00 |
| | \$ 1,445.50 |
| | \$ 752.50 |

Serene Hills Phase 1A & 1B
J.C. Evans Construction, C.

| | | | | | |
|-----------------------------|--------|---------------------|------|---------------------|--------------------|
| CO 1 | curlex | \$ 568.40 | 100% | \$ 568.40 | \$ - |
| Subtotal Add Offsite | | \$ 33,933.90 | | \$ 31,868.90 | \$ 2,065.00 |

| | |
|-------------|---------------------|
| | \$ 397.88 |
| \$ - | \$ 22,308.23 |

| | | Cost | SHDA Share | SHDA Cost | Developer Cost |
|---|----------------------------------|---------------------|------------|---------------------|----------------|
| District 17 Modifications | | | | | |
| CO 1 | 12" casing pipe | \$ 2,040.00 | 100% | \$ 2,040.00 | \$ - |
| CO 1 | 20" casing pipe | \$ 1,080.00 | 100% | \$ 1,080.00 | \$ - |
| CO 1 | double water service-long w/box | \$ 1,475.00 | 100% | \$ 1,475.00 | \$ - |
| CO 1 | single water service-short w/box | \$ 7,800.00 | 100% | \$ 7,800.00 | \$ - |
| CO 1 | double water service-sort w/box | \$ (2,850.00) | 100% | \$ (2,850.00) | \$ - |
| CO 1 | 4" pvc | \$ 440.00 | 100% | \$ 440.00 | \$ - |
| CO 1 | single ww service-long | \$ 2,800.00 | 100% | \$ 2,800.00 | \$ - |
| Subtotal District 17 Modifications | | \$ 12,785.00 | | \$ 12,785.00 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|--------------------|
| | \$ 1,428.00 |
| | \$ 756.00 |
| | \$ 1,032.50 |
| | \$ 5,460.00 |
| | \$ (1,995.00) |
| | \$ 308.00 |
| | \$ 1,960.00 |
| \$ - | \$ 8,949.50 |

| | | Cost | SHDA Share | SHDA Cost | Developer Cost |
|------------------------------------|--------------------|---------------------|------------|---------------------|--------------------|
| Additional Sleeves | | | | | |
| CO 1 | 3" pvc sleeves | \$ (124.00) | 100% | \$ (124.00) | \$ - (1) |
| CO 1 | 4" pvc sleeves | \$ 5,880.00 | 100% | \$ 5,880.00 | \$ - (1) |
| CO 1 | 6" pvc sleeves | \$ 4,725.00 | 100% | \$ 4,725.00 | \$ - (1) |
| CO 1 | 8" pvc sleeves | \$ (300.00) | 100% | \$ (300.00) | \$ - (1) |
| CO 1 | 10" pvc sleeves | \$ 1,445.00 | 0% | \$ - | \$ 1,445.00 |
| CO 1 | 12" pvc sleeves | \$ (575.00) | 100% | \$ (575.00) | \$ - (1) |
| CO 1 | electronic markers | \$ 866.02 | 100% | \$ 866.02 | \$ - |
| Subtotal Additional Sleeves | | \$ 11,917.02 | | \$ 10,472.02 | \$ 1,445.00 |

| 100% Eligible | 70% Eligible |
|---------------|--------------------|
| | \$ (86.80) |
| | \$ 4,116.00 |
| | \$ 3,307.50 |
| | \$ (210.00) |
| | \$ - |
| | \$ (402.50) |
| | \$ 606.21 |
| \$ - | \$ 7,330.41 |

| | | Cost | SHDA Share | SHDA Cost | Developer Cost |
|------------------------------------|------------------------|---------------------|------------|---------------------|----------------|
| Change Order No. 2 | | | | | |
| CO 2 | additional sleeves | \$ 26,136.26 | 100% | \$ 26,136.26 | \$ - (1) |
| CO 2 | revised headwall | \$ 10,267.00 | 100% | \$ 10,267.00 | \$ - |
| CO 2 | repair FM | \$ 1,250.00 | 100% | \$ 1,250.00 | \$ - |
| CO 2 | deduct manhole coating | \$ (10,064.00) | 100% | \$ (10,064.00) | \$ - |
| CO 2 | deduct 18" rcp | \$ (4,309.00) | 100% | \$ (4,309.00) | \$ - |
| CO 2 | deduct trench safety | \$ (139.00) | 100% | \$ (139.00) | \$ - |
| Subtotal Change Order No. 2 | | \$ 23,141.26 | | \$ 23,141.26 | \$ - |

| 100% Eligible | 70% Eligible |
|---------------|---------------------|
| | \$ 18,295.38 |
| | \$ 7,186.90 |
| | \$ 875.00 |
| | \$ (7,044.80) |
| | \$ (3,016.30) |
| | \$ (97.30) |
| \$ - | \$ 16,198.88 |

| Ph. 1A & 1B Contract Summary | Total Cost | SHDA Cost | Developer Cost |
|------------------------------|------------------------|------------------------|---------------------|
| Totals | \$ 1,842,568.43 | \$ 1,763,037.43 | \$ 79,531.00 |

| TCEQ Eligible | |
|----------------------|--------------------------|
| 100% Eligible | SHDA cost (70% eligible) |
| \$ 130,463.61 | \$ 1,142,802 |

64.8%

Notes: (1) Sleeves are for effluent reuse.

Serene Hills Defined Area - Travis County WCID #17

Bond Proforma



Case: **No Growth**
 Proforma Maximum Bond Tax Rate \$ 0.7800
 Proforma Maximum Total Tax Rate \$ 0.0650
 Estimated Interest Rate On Proposed Bonds 4.50%
 Collection % 99%

| Tax Year | Fiscal Year | Projected Taxable Assessed Valuation (1) | Bond Tax Rate | Tax Collections | Estimated Capitalized Interest (2) | Available for Debt Service | Existing Debt Service | Proposed Series 2017-A Bonds (3)(4) | Total Projected Debt Service (D/S) | Projected Ending Debt Service Fund Balance | % of Next Year's D/S |
|----------|-------------|--|---------------|-----------------|------------------------------------|----------------------------|-----------------------|-------------------------------------|------------------------------------|--|----------------------|
| 2016 | 2017 | 106,460,107 | 0.2500 | 252,843 | 662,211 | 1,393,577 | 163,423 | - | 163,423 | 1,230,154 | 178% |
| 2017 | 2018 | 134,414,982 | 0.7800 | 996,015 | - | 2,226,169 | 455,208 | 236,250 | 691,458 | 1,534,711 | 188% |
| 2018 | 2019 | 134,414,982 | 0.7800 | 996,015 | - | 2,530,726 | 503,100 | 315,000 | 818,100 | 1,712,626 | 174% |
| 2019 | 2020 | 134,414,982 | 0.7800 | 996,015 | - | 2,708,641 | 508,206 | 476,288 | 984,494 | 1,724,147 | 173% |
| 2020 | 2021 | 134,414,982 | 0.7800 | 996,015 | - | 2,720,162 | 517,750 | 478,638 | 996,388 | 1,723,775 | 173% |
| 2021 | 2022 | 134,414,982 | 0.7800 | 996,015 | - | 2,719,790 | 521,755 | 475,650 | 997,405 | 1,722,385 | 172% |
| 2022 | 2023 | 134,414,982 | 0.7800 | 996,015 | - | 2,718,400 | 525,341 | 477,325 | 1,002,666 | 1,715,734 | 170% |
| 2023 | 2024 | 134,414,982 | 0.7800 | 996,015 | - | 2,711,749 | 533,270 | 478,550 | 1,011,820 | 1,699,929 | 168% |
| 2024 | 2025 | 134,414,982 | 0.7800 | 996,015 | - | 2,695,944 | 535,428 | 479,325 | 1,014,753 | 1,681,191 | 165% |
| 2025 | 2026 | 134,414,982 | 0.7800 | 996,015 | - | 2,677,206 | 541,833 | 474,763 | 1,016,595 | 1,660,611 | 162% |
| 2026 | 2027 | 134,414,982 | 0.7800 | 996,015 | - | 2,656,626 | 547,258 | 474,863 | 1,022,120 | 1,634,506 | 159% |
| 2027 | 2028 | 134,414,982 | 0.7800 | 996,015 | - | 2,630,521 | 551,655 | 479,400 | 1,031,055 | 1,599,466 | 155% |
| 2028 | 2029 | 134,414,982 | 0.7800 | 996,015 | - | 2,595,481 | 555,208 | 478,375 | 1,033,583 | 1,561,899 | 150% |
| 2029 | 2030 | 134,414,982 | 0.7800 | 996,015 | - | 2,557,914 | 562,824 | 476,900 | 1,039,724 | 1,518,190 | 146% |
| 2030 | 2031 | 134,414,982 | 0.7800 | 996,015 | - | 2,514,205 | 564,528 | 474,975 | 1,039,503 | 1,474,702 | 140% |
| 2031 | 2032 | 134,414,982 | 0.7800 | 996,015 | - | 2,470,717 | 575,213 | 477,488 | 1,052,700 | 1,418,017 | 135% |
| 2032 | 2033 | 134,414,982 | 0.7800 | 996,015 | - | 2,414,033 | 579,813 | 474,438 | 1,054,250 | 1,359,783 | 128% |
| 2033 | 2034 | 134,414,982 | 0.7800 | 996,015 | - | 2,355,798 | 583,613 | 475,825 | 1,059,438 | 1,296,360 | 122% |
| 2034 | 2035 | 134,414,982 | 0.7800 | 996,015 | - | 2,292,375 | 586,613 | 476,538 | 1,063,150 | 1,229,225 | 115% |
| 2035 | 2036 | 134,414,982 | 0.7800 | 996,015 | - | 2,225,240 | 593,713 | 476,575 | 1,070,288 | 1,154,953 | 107% |
| 2036 | 2037 | 134,414,982 | 0.7800 | 996,015 | - | 2,150,968 | 599,703 | 475,938 | 1,075,640 | 1,075,328 | 98% |
| 2037 | 2038 | 134,414,982 | 0.7800 | 996,015 | - | 2,071,343 | 614,375 | 479,513 | 1,093,888 | 977,455 | 89% |
| 2038 | 2039 | 134,414,982 | 0.7800 | 996,015 | - | 1,973,470 | 617,648 | 477,300 | 1,094,948 | 878,523 | 80% |
| 2039 | 2040 | 134,414,982 | 0.7800 | 996,015 | - | 1,874,538 | 624,419 | 479,300 | 1,103,719 | 770,819 | 69% |
| 2040 | 2041 | 134,414,982 | 0.6250 | 798,089 | - | 1,568,908 | 634,650 | 475,513 | 1,110,163 | 458,745 | 60% |
| 2041 | 2042 | 134,414,982 | 0.6250 | 798,089 | - | 1,256,834 | 285,950 | 475,938 | 761,888 | 494,947 | 104% |
| 2042 | 2043 | 134,414,982 | 0.6250 | 798,089 | - | 1,293,036 | - | 475,463 | 475,463 | 817,573 | N/A |
| 2043 | 2044 | 134,414,982 | - | - | - | 817,573 | - | - | - | 817,573 | N/A |
| 2044 | 2045 | - | - | - | - | 817,573 | - | - | - | 817,573 | N/A |
| | | | | | \$ 662,211 | | \$ 13,994,163 | \$ 11,996,125 | \$ 25,990,288 | | |

(1) Represents TCAD certified value for TY2016 and TCAD estimated value for 2017. No growth included thereafter.
 (2) Includes actual capitalized interest of \$347,211 funded with proceeds of Series 2017 Bonds, plus 12 months' capitalized interest on Series 2017-A Bonds.
 (3) Bonds assumed to be issued 8/1 of year shown. Actual amounts and timing subject to final TCEQ approval.
 (4) Assumes investment grade issuance.
 (5) Calculated using District's reported 9/30/16 balance of \$478,523.

MEMORANDUM

DATE: March 9, 2017

TO: Deborah Gernes
Leslie Terrell
Linda Sandlin

FROM: C. D. Polumbo

RE: Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, Series 2017

Below is the proposed agenda language in connection with the Board meeting on March 16, 2017:

- υ Consideration and action with respect to "Order Authorizing the Issuance of Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing Execution of a Bond Purchase Agreement, and the Form of a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing Procedures for Selling and Delivering One or More Series of the Bonds and Authorizing Other Matters Related to the Issuance of the Bonds;" and
- τ Authorizing payment of Attorney General bond review fee.

cc: Garry Kimball
Lauren Kalisek
David Klein

ORDER AUTHORIZING THE ISSUANCE OF TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 FLINTROCK RANCH ESTATES DEFINED AREA UNLIMITED TAX REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AUTHORIZING EXECUTION OF A BOND PURCHASE AGREEMENT, AND THE FORM OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING ONE OR MORE SERIES OF THE BONDS AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

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SCHEDULES

Schedule A Metes and Bounds

EXHIBITS

- EXHIBIT A** Escrow Agreement
- EXHIBIT B** Paying Agent/Registrar Agreement
- EXHIBIT C** Notice of Defeasance/Redemption
- EXHIBIT D** Description of Annual Financial Information

constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Chapter 1207 further authorizes the District to enter into an escrow agreement with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the District and such escrow agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by said Chapter 1207; and

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds in order to achieve a net present value debt service savings of not less than 3.00% of the principal amount of the Refunded Bonds net of any District contribution with such savings, among other information and terms to be included in a pricing certificate to be executed by the President of the Board of Directors of the District or in his absence the Vice President of the Board of Directors, acting as the designated pricing officer of the District, all in accordance with the provisions of Chapter 1207, including Section 1207.007 thereof; and

THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17:

Section 1. AMOUNT AND PURPOSE OF EACH SERIES OF THE BONDS. The Board of Directors of the District hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct.

Section 2. DEFINITIONS. In addition to other terms defined elsewhere in this Order, as used in this Order, unless the context shall otherwise require, the following terms shall have the following respective meanings, to wit:

"Accreted Value" means, with respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Accretion Table" means the exhibit attached to the Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

"Additional Bonds" means the additional bonds payable from ad valorem taxes which the Board expressly reserves the right to issue in Section 19 of this Bond Order.

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Current Interest Bonds and in the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Capital Appreciation Bonds.

"Authorized Investments" means such investments authorized pursuant to the investment policy of the District and Chapter 2256 of the Government Code, as amended.

"Board of Directors" or "Board" means the governing body of the District.

"Bond Insurer" means the insurer, if any, of any series of the Bonds as designated in the Pricing Certificate.

"Bonds" means one or more Series of the Bonds and include collectively the Capital Appreciation Bonds and Current Interest Bonds initially issued and delivered pursuant to this Order and all substitute Capital Appreciation Bonds and Current Interest Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"Bond Order" or "Order" means this Order of the Board of Directors authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Capital Appreciation Bonds" shall mean the Bonds, on which no interest is paid prior to maturity, maturing in the years and in the aggregate principal amount as set forth in the Pricing Certificate.

"Compounded Amount" shall mean, with respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the terms of the Pricing Certificate.

"Compounding Date" means the amounts and dates as set forth in the Accretion Table.

"Current Interest Bonds" shall mean the Bonds maturing on November 1 in each of the years as designated by the Pricing Officer in the Pricing Certificate.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated

as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) 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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

"Interest Payment Date" means a date on which interest on the Current Interest Bonds is due and payable as set forth in the Pricing Certificate.

"Issuance Date" means such other date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor as determined by the Pricing Officer in the Pricing Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Pricing Certificate" means each Pricing Certificate of the District's Pricing Officer to be executed and delivered pursuant to Section 3 hereof in connection with the issuance of a Series of the Bonds.

"Pricing Officer" means the President of the Board of the District or in his absence the Vice President of the Board, acting as the designated pricing officer of the District to execute the Pricing Certificate.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Bond Order and the Pricing Certificate.

"Refunded Bonds" means the Refundable Bonds being refunded as provided in the Pricing Certificate.

"Registrar" or "Paying Agent/Registrar" means the paying agent/registrar designated by the Pricing Officer in the Pricing Certificate, or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Order.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Series" mean any designated series of bonds issued pursuant to this Order.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF EACH SERIES OF THE BONDS. Each Bond issued pursuant to this Order shall be designated: **"TRAVIS COUNTY WATER CONTROL AND**

IMPROVEMENT DISTRICT NO. 17 FLINTROCK RANCH ESTATES DEFINED AREA UNLIMITED TAX REFUNDING BOND" (the "Bonds") and the Bonds in one or more Series are hereby authorized to be issued and delivered in the maximum aggregate principal amount not to exceed \$15,750,000 for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds and initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, with the Bonds being dated as determined by the Pricing Officer in the Pricing Certificate. There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds, numbered consecutively from R-1 upward or in the form of Capital Appreciation Bonds, numbered consecutively from PC-1 upward (except the initial Bonds delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1, respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, with each Series maturing not later than November 1, 2037, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to this Section. The Pricing Certificate is hereby incorporated in and made a part of this Order. The title of each Series of the Bonds shall be designated by the year in which it is awarded pursuant to this Section 3. The authority for the Pricing Officer to execute and deliver the Pricing Certificate for a Series of the Bonds shall expire at 5:00 p.m. C.S.T on March 16, 2018. Bonds priced on or before March 16, 2018 may be delivered to the initial purchaser after such date.

As authorized by Chapter 1371 and Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the District in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" under this Order and carrying out the other procedures specified in this Order, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Capital Appreciation Bonds, the rate of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District, as well as any mandatory sinking fund redemption provisions, obtaining a rating on the Bonds, including execution of a rating application, procuring municipal bond insurance and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds of each Series shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) the interest rate on the Bonds shall not exceed the maximum rate authorized by law, and (iii) the refunding must produce any net present value debt service savings in the case of current refundings (refunding of Refunded Bonds within 90 days of their maturity or redemption date) and in the case of advance (refunding Refunded Bonds more than 90 days prior to their maturity or redemption date) a net present value debt service savings of at least 3.00% of the principal amount of the Refunded Bonds, net of any District contribution,. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in this Section, which shall be sufficient to provide for the purposes for which

the Bonds are authorized and to pay the costs of issuing the Bonds. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to a bond purchase agreement at such price, with and subject to such terms, as determined by the Pricing Certificate. The Pricing Officer shall designate the senior managing underwriter for the Bonds and such additional investment banking firms as he or she deems appropriate to assure that the Bonds are sold on the most advantageous terms. The Pricing Officer may not execute a Pricing Certificate unless the minimum required savings as described in this subsection is achieved. Each Pricing Certificate shall become a part of this Order as if set forth herein.

In satisfaction of Section 1201.022(a), Texas Government Code, the District hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms and conditions of each Series of the bonds as set forth in this Order is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated in the Pricing Certificate will be, in the best interest and shall have the same force and effect as if such determination were made by the District and the Pricing Officer is hereby authorized to make and include in a Pricing Certificate an appropriate find to that effect.

Section 4. INTEREST. The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Capital Appreciation Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded on the Compounding Dates as set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Capital Appreciation Bonds are to be issued, shall be the Accretion Table. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date. Any premium will be used to offset costs of issuance and shall be deposited into the project fund as set forth in the Pricing Certificate.

Section 5. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. The District shall keep or cause to be kept at the principal office for payment of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the District hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the District and Paying Agent/Registrar may prescribe; and the

Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The District shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Order. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

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

(b) Payment of Bonds and Interest. The District hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Order and the Pricing Certificate. The Paying Agent/Registrar shall keep proper records of all payments made by the District and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special

Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated in the Pricing Certificate and in the FORM OF BOND set forth in this Order. The Bonds initially issued and delivered pursuant to this Order and the Pricing Certificate are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Order and the Pricing Certificate, the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The District covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the District will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order, and that the Paying Agent/Registrar will be one such entity. The District reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition or other method) should resign or otherwise cease to act as such, the District covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the District. Upon any change in the Paying Agent/Registrar, the District promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Bonds initially issued as provided in Section 4(h) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f)

hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

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

nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

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

(h) Initial Bond(s). The Bonds herein authorized shall be initially issued as fully registered bonds, being one bond for each maturity in the denomination of the applicable principal amount and the initial Bond(s) shall be registered in the name of the Underwriter or the designees thereof as set forth in the Pricing Certificate. The initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the initial Bond(s), the Registrar shall cancel the initial Bond(s) delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 5(f), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

Section 6. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Order and the Pricing Certificate, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Order.

FORM OF BOND*

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF TRAVIS
TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
FLINTROCK RANCH ESTATES DEFINED AREA
UNLIMITED TAX REFUNDING BOND
SERIES _____***

[FORM OF FIRST THREE PARAGRAPHS OF CURRENT INTEREST BOND]*

NO. ____ - ____

PRINCIPAL

*To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of bond or contains information to complete the missing information in this Form of bond, the language in the Pricing Certificate shall be used in the executed Bonds.

AMOUNT
\$ _____

INTEREST
RATE

DATE OF
BONDS

MATURITY
DATE

CUSIP
NO.

_____*

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, **TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17**, in Travis County, Texas (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon from the initial date of delivery of the Bonds, on _____* and semiannually on each _____* and _____* thereafter to the maturity date specified above at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity for payment to _____*, the Paying Agent/Registrar, at its offices in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the 15th day of the month next preceding each such date (the "Record Date") on the Registration Books kept

*To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, payments made to the securities depository, or its nominee, shall be made in accordance with arrangements between the District and the securities depository.

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

**[FORM OF FIRST TWO PARAGRAPHS OF
CAPITAL APPRECIATION BOND]***

NO. ____ - ____

**PAYMENT
AT
MATURITY**
\$ _____

**INTEREST
RATE**

**MATURITY
DATE**

**ISSUANCE
DATE**

**CUSIP
NO.**

_____*

REGISTERED OWNER:

PAYMENT AT MATURITY:

* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of bond or contains information to complete the missing information in this Form of bond, the language in the Pricing Certificate shall be used in the executed Bonds.

ON THE MATURITY DATE specified above, **TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17**, in Travis County, Texas (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "registered owner") the Payment at Maturity in the amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrete on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____*. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table.

THE PAYMENT AT MATURITY of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Payment at Maturity of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity for payment to _____*, the Paying Agent/Registrar, at its offices in _____, _____* (the "Designated Payment/Transfer Office"), and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the registered owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The District covenants with the registered owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds of the Payment at Maturity, when due.

[FORM OF REMAINDER OF EACH BOND]*

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

THIS BOND is one of a Series of Bonds dated _____*, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____***, FOR THE PURPOSE OF REFUNDING THE REFUNDED BONDS AND PAYING THE COSTS ASSOCIATED WITH THE ISSUANCE OF THE BONDS**, [and the Bonds are comprised of (i) Bonds in the aggregate principal amount of \$_____* that pay interest

*To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of bond or contains information to complete the missing information in this Form of bond, the language in the Pricing Certificate shall be used in the executed Bonds.

only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$ _____* that pay interest semiannually until maturity (the "Current Interest Bonds").]**

ON _____* OR ON ANY DATE THEREAFTER, the Current Interest Bonds maturing on or after _____*, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Current Interest Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed the Registrar shall determine by lot the Current Interest Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Current Interest Bond may be redeemed only in integral multiples of \$5,000 of principal amount). [The Capital Appreciation Bonds are not subject to redemption prior to maturity.]**

[**THE BONDS** maturing on _____ are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

| Bonds Maturing _____, 20__ | |
|-----------------------------------|-------------------------|
| Redemption Date | Principal Amount |
| _____, 20__ | \$ _____ |
| _____, 20__ | _____ |
| _____, 20__ ^H | _____ ^H |

^HFinal Maturity

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

**To be included only if Current Interest Bonds and Capital Appreciation Bonds are both issued and completed as determined by the Pricing Officer in the Pricing Certificate.

* To be included only if Term Bonds are issued as determined by the Pricing Officer in the Pricing Certificate.

**To be included only if Current Interest Bonds and Capital Appreciation Bonds are both issued and completed as determined by the Pricing Officer in the Pricing Certificate.

NO LESS THAN 30 days prior to the date fixed for any such redemption, the District shall cause the Paying Agent/Registrar to send notice by United States mail, first-class postage prepaid to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption date; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bonds shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Order.

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

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, with respect to Current Interest Bonds, in the denomination of any integral multiple of \$5,000, and with respect to Capital Appreciation Bonds, in the denomination of \$5,000 payment at maturity amounts or any integral multiple thereof. As provided in the Bond Order, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the

Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The one requesting such conversion and exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for converting and exchanging any Bond or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The foregoing notwithstanding, in the case of the conversion and exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the District. The Paying Agent/Registrar shall not be required to make any such transfer or exchange with respect to Current Interest Bonds during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the District, resigns or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

THE BONDS are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the Flintrock Ranch Estates Defined Area within the District. The Bond Order provides that the District reserves the right to consolidate with one or more conservation and reclamation districts, to consolidate its waterworks and sewer systems with the systems of such districts. The Bond Order further provides that the pledge of taxes, to the payment of the Bonds shall terminate at such time, if ever, as (i) money and/or direct obligations of the United States or obligations unconditionally guaranteed by the United States in an amount sufficient to defease the Bonds is deposited with or made available to the Registrar in accordance with the Bond Order or (ii) a City dissolves the District, and assumes the obligations of the District pursuant to existing Texas law.

THE BONDS are issued pursuant to the Bond Order, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on

taxable property within the Flintrock Ranch Estates Defined Area of the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount, together with revenues and receipts available from other sources which are equally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

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

THE DISTRICT RESERVES THE RIGHT to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

TO THE EXTENT permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

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

hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

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

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

Secretary [Assistant Secretary], Board of Directors _____
President [Vice President], Board of Directors

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____,

Paying Agent/Registrar

By: _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to register the transfer of the
within Bond on the books kept for registration thereof, with full power of substitution in the
premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature above must
correspond with the name of the registered
owner as it appears upon the front of this Bond
in every particular, without alteration or
enlargement or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

INSERTIONS FOR THE INITIAL BONDS*

- (i) The initial Current Interest Bond shall be in the form set forth in this Section, except that:
 - A. immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.
 - B. the first paragraph shall be deleted and the following will be inserted:

ON THE MATURITY DATE BELOW, TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17, Travis County, Texas, being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on _____* in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

\$_____

| <u>Principal</u> <u>Amount</u> | <u>Maturity Date</u> <u>(November 1)</u> | <u>Interest</u> <u>Rate</u> |
|-----------------------------------|---|--------------------------------|
|-----------------------------------|---|--------------------------------|

(Information from the Pricing Certificate to be inserted)

* To be completed as determined by the Pricing Officer in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of bond or contains information to complete the missing information in this Form of bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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

C. The initial Current Interest Bond shall be numbered AT-1.@

(ii) The initial Capital Appreciation Bond shall be in the form set forth in this Section, except that:

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

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

"TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17, in Travis County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Payment at Maturity on _____* in each of the years and in installments of the respective Maturity Amounts set forth in the following schedule:

\$_____

| | | | |
|-------------------------------|----------------------|---------------|------------------------|
| Maturity Date (November 1) | Yield to Maturity | Interest Rate | Payment at Maturity |
|-------------------------------|----------------------|---------------|------------------------|

(Information for the Capital Appreciation Bonds from the Pricing Certificate to be inserted)

The amount shown above as the Payment at Maturity represents the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof

* To be completed as determined by the Pricing Officer in the Pricing Certificate.

from the date of delivery at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____*. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table."

C. The initial Capital Appreciation Bond shall be numbered "TPC-1."

Section 7. LEVY OF TAX; CONSOLIDATION OR DISSOLUTION OF DISTRICT. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without limit as to rate or amount on all taxable property in the Flintrock Ranch Estates Defined Area of the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, together with revenues and receipts from other sources that are legally available for such purpose, shall be levied and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (a) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property in the Flintrock Ranch Estates Defined Area of the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property in the Flintrock Ranch Estates Defined Area of the District.
- (b) In determining the actual rate to be levied in each year, the Board shall consider among other things:
 - (i) the amount which should be levied for any other obligations;
 - (ii) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from such taxes;

To the extent provided by law, the pledge of taxes set forth in this section will terminate if a city takes over all properties and assets, assumes all debts, liabilities, and obligations, and performs all functions and services of the District, and the District is abolished pursuant to law.

The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

(i) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (herein for purposes of this section the "Consolidated System").

(ii) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the revenue bonds or the combination tax and revenue bonds (herein for purposes of this section the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively the "Consolidating Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall continue to be subordinate to the first lien Revenue Bonds of the Consolidating Districts).

(iii) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on Revenue Bonds which may be issued by the Consolidating Districts on a parity with the outstanding first lien Revenue Bonds of the Consolidating Districts.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of ad valorem taxes granted by the District under Section 7 of this Order, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of ad valorem taxes granted by the District under Section 7 of this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying

Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the District will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the District also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be ~~turned over~~ remitted to the District.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Order, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being

defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

As used herein, "Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the District adopts or approves proceedings authorizing the issuance of refunding Bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the District adopts or approves proceedings authorizing the issuance of refunding Bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable ["Texas" if State is not defined elsewhere or "State"] law that may be used to defease obligations such as the Bonds.

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

Section 9. CREATION/DISPOSITION OF FUNDS. (a) General. The Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund and the Escrow Fund further described in the Escrow Agreement are hereby created. The Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund shall be kept separate and apart from all other funds of the District. Each fund shall be kept separate and apart from all other funds of the District. The Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All other funds shall be used solely as provided in this Order until all of the Bonds have been retired, both as to principal and interest.

(b) Security Bond. Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured in the manner provided by law for the security of funds of counties of the State of Texas.

(c) Debt Service. The District shall deposit or cause to be deposited into the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund the aggregate of the following at the time specified:

- (i) As soon as practicable after the Bonds are sold, accrued interest on the Bonds from their date to the date of their delivery; and
- (ii) The proceeds from collection of the ad valorem taxes levied, assessed and collected for and on account of the Bonds pursuant to Section 7 hereof, less costs of collection, as collected.

On or before the date for payment of the principal and/or Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund to the Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Registrar for its services as paying agent and registrar for the Bonds from the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund.

(d) Investments. Moneys deposited into the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from and interest accruing on investments made from any fund may be transferred to the Bonds= Flintrock Ranch Estates Defined Area Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS. (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Paying Agent/Registrar shall cause to be printed, executed and delivered, a new bond of the same principal amount, maturity and interest rate, as the damaged, mutilated, lost, stolen or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

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

Section 11. CUSTODY, APPROVAL AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The President of the Board of Directors of the District is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the District's Bond Counsel and the assigned CUSIP numbers may, at the option of the District, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. Errors or omissions in the printing thereof or the numbers therein shall have no effect on the validity of such Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

Section 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or

the projects financed or refinanced therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a current refunding bond, for a period of 90 days and in the case of an advance refunding bond, for a period of 30 days,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of

the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President or Treasurer of the Board of Directors to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Order is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Disposition of Project. The District covenants that the property constituting the projects financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13. SALE OF BONDS. Each Series of the Bonds shall be sold and delivered pursuant to the terms and provisions of each Bond Purchase Agreement in substantially the form previously approved by the Board in connection with previous refundings approved by the Board

at a price and under the terms set forth in the Pricing Certificate. The Pricing Officer is authorized to approve such changes to the Bond Purchase Agreement as necessary in connection with the sale of each Series of the Bonds.

Section 14. APPROVAL OF OFFICIAL STATEMENT. The Pricing Officer is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto and to deem such documents final in accordance with Rule 15c2-12. The District further approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

Section 15. APPROVAL OF FORM OF ESCROW AGREEMENT AND CALLING CERTAIN BONDS FOR REDEMPTION. (a) Escrow Agreement. The Pricing Officer is hereby authorized and directed to execute and deliver an Escrow Agreement in substantially the form attached hereto as Exhibit "A" in connection with each Series of the Bonds. In addition, the President or the Vice President for the District is authorized to do all things necessary to obtain the United States Government Obligations to be deposited in the Escrow Fund including the execution of such subscriptions for the purchase of United States Treasury Securities, State and Local Government Series, as may be necessary for each Escrow Fund.

(b) Notice of Redemption. Attached to this Order, as Exhibit "C", and made a part hereof for all purposes are forms of the notices of deposit and prior redemption for the Refunded Bonds and such Refunded Bonds described in the notice of prior redemption are hereby called for redemption and shall be redeemed prior to maturity on the dates, places, and at the prices set forth in the Pricing Certificate. The Pricing Officer is hereby authorized to amend, complete or modify such notices as necessary to call such Refunded Bonds for redemption.

(c) Paying Agent/Registrar Agreement. Attached hereto as Exhibit B is a form of Paying Agent/Registrar Agreement. The Pricing Officer is hereby authorized to execute and deliver and further amend, complete or modify such agreement, as necessary in connection with each Series of the Bonds.

Section 16. DEPOSITS OF PROCEEDS AND APPROPRIATION OF FUNDS. Concurrently with the delivery of the Bonds, the Pricing Officer shall cause to be deposited an amount from the proceeds of the sale of the Bonds with the Escrow Agent sufficient, together with other legally available funds of the District, to provide for the refunding and defeasance of the Refunded Bonds. The Pricing Officer is further authorized and directed to apply and there is hereby appropriated such moneys of the District as are necessary to fund the escrow fund to be established by the Escrow Agreement with amounts sufficient to provide for the defeasance of the Refunded Bonds on the date of delivery of the Bonds. The Pricing Officer is hereby authorized and directed to issue to the Escrow Agent Notice of Redemption with respect to the Refunded Bonds in substantially the form set forth in Exhibit "C" hereto with such changes and additions as necessary to conform to each Pricing Certificate. Lawfully available funds are hereby appropriated and confirmed to be available to pay debt service on the Bonds.

Section 17. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The District shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the District ending in or after 2017, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by Section 14 of this Order, being information of the type described in Exhibit "B" hereto, including financial statements of the District if audited financial statements of the District are then available, and (2) if not provided as part of such financial information and operating data, audited financial statements of the District, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit "D" hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) Event Notices. The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;

- F. 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 events affecting the tax status of the Bonds;
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- H. Bond calls, if material within the meaning of the federal securities laws and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the District;
- M. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Section ___ of this Order that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District

undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

Should the Rule be amended to obligate the District to make filings with or provide notices to entities other than the MSRB, the District hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

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

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the

Rule are invalid, but only if and to the extent that the provisions of this sentence would prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 18. FURTHER PROCEDURES. The President or Vice President and Secretary of the Board of Directors of the District, the General Manager of the District and all other officers, employees and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District the Letter of Representation with DTC regarding the Book-Entry-Only System and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Letter of Representation, the Bonds, the sale of the Bonds and the Official Statement. Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Order in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 19. ADDITIONAL BONDS. (a) General. The District expressly reserves the right to issue, in one or more installments, for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving, or extending the System, or for any other lawful purpose:

- (i) the unissued unlimited tax bonds which were authorized pursuant to the election held within the District and the Flintrock Ranch Estates Defined Area on May 7, 1988; and
- (ii) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

(b) Other Bonds and Obligations. The District further reserves the right to issue combination unlimited tax and revenue bonds, if authorized by election, and such other bonds or other obligations as may be lawfully issued by the District including any obligations issued for special projects or defined areas.

(c) Refunding Bonds. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund the Bonds, and any Outstanding Bonds, any Additional Bonds, or any other obligations issued by the District, at or prior to their respective dates of maturity or redemption.

Section 20. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the District, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the District.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the District, or any official, officer or employee of the District in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Order, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Order do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the District or the District Council.

(iv) None of the members of the District Council, nor any other official or

officer, agent, or employee of the District, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Order, or because of any Event of Default or alleged Event of Default under this Order.

Section 21. BOND ORDER IS CONTRACT. In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Registered Owners, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the District and the Registered Owners; and the covenants and agreements herein set forth to be performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Registered Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

Section 22. DISTRICT'S SUCCESSORS AND ASSIGNS. Whenever in this Bond Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Bond Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

Section 23. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS. No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Bond Order against any officer or director of the District or any person executing the Bonds. No covenant or agreement contained in the Bonds, this Bond Order or any corollary instrument shall be deemed to be the covenant or agreement of any member of the District or any officer, agent, employee or representative of the District in his individual capacity, and neither the directors, officers, agents, employees or representatives of the District nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

Section 24. REGISTRAR. The Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Bond Order. If the Registrar or its successor becomes unable for any reason to act as Registrar hereunder, or if the Board of Directors of the District determines that a successor Registrar should be appointed, a successor Registrar shall be selected by the District. Any successor Registrar shall be either a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Section 25. REGISTRAR MAY OWN BONDS. The Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

Section 26. BENEFITS OF PROVISIONS. Nothing in this Bond Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm, or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect of this Bond Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Bond Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

Section 27. UNAVAILABILITY OF AUTHORIZED PUBLICATION. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Bond Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Bond Order be deemed to be in compliance with the requirements for publication thereof.

Section 28. SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Bond Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order to any other persons or circumstances shall not be affected thereby.

Section 29. ACCOUNTING. The District will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Registered Owner on reasonable request. Each year while any of the Bonds are outstanding, the District shall have an audit of its books and accounts by a certified public accountant or firm of certified public accountants, based on its Fiscal Year, and copies of such audits will be made available to any Registered Owner upon request.

Section 30. AMENDMENTS. (a) Amendment with Consent of Owners of 51% of Bonds. The owners of 51% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Bond Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section 30, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Bond Order or the Bonds so as to:

- (1) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (2) reduce the rate of interest borne by any of the outstanding Bonds;

- (3) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the right of the Registered Owners of less than all of the Bonds then outstanding; or
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

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

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendatory resolution or order in substantially the same form.

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

(e) Consent of Registered Owners. Any consent given by a Registered Owners pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and

binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (f) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners. The District may, at any time, amend this Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provision to Section 31(a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

Section 31. ADDITIONAL BOND INSURANCE PROVISIONS. Bond Counsel is authorized to insert in the Pricing Certificate any necessary provisions required by the bond insurer and agreed to by the District and its general counsel.

Section 32. OTHER ACTIONS. The President and Secretary of the Board of Commissioners, and all other officers and employees of the District shall be and are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement and the Official Statement. In addition, prior to the initial delivery of the Bonds, the President and Secretary of the Board of Commissioners and Bond Counsel are hereby authorized and directed to approve any nonsubstantive changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the bond insurer, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

Section 33. PAYMENT OF ATTORNEY GENERAL FEE. The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.

SCHEDULE A
METES AND BOUNDS

EXHIBIT A
ESCROW AGREEMENT

EXHIBIT B
PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT C

NOTICE OF DEFEASANCE/REDEMPTION

NOTICE IS HEREBY GIVEN that Travis County Water Control and Improvement District No. 17 (the "District") has deposited cash and United States government securities in escrow to defease, and has further called for redemption, a portion of the following obligations of the District (the "Obligations"):

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
FLINTROCK RANCH ESTATES DEFINED AREA UNLIMITED TAX BONDS, SERIES**

| <u>Maturity*</u> <u>November 1</u> | <u>Redemption*</u> <u>Date</u> | <u>Principal*</u> <u>Amount</u> | <u>Interest*</u> <u>Rate</u> | <u>CUSIP*</u> <u>Number**</u> |
|---|---|--|---|--|
|---|---|--|---|--|

**The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

The redemption price for the above Obligations is par plus accrued interest to the date fixed for redemption. Such Bonds shall be redeemed and shall not longer bear interest after the redemption date. Due provision for the payment of the obligations described above has been made with The Bank of New York Mellon Trust Company, National Association (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

| <u>First Class/Registered/Certified Mail</u> | <u>By Overnight or Courier</u> | <u>By Hand</u> |
|--|--|---|
| The Bank of New York Mellon Trust Company Institutional Trust Services P.O. Box 2320 Dallas, Texas 75221-2320 | The Bank of New York Mellon Trust Company Institutional Trust Services 2001 Bryan Street, 9 th Floor Dallas, Texas 75201 | The Bank of New York Mellon Trust Company GIS Unit Trust Window 4 New York Plaza, 1st Floor New York, NY 10004 |

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17

* To be completed as determined by the Pricing Officer in the Pricing Certificate.
TCWCID17\FREDA\UTRB\17\Del: Order

EXHIBIT D

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

Accounting Principles

The accounting and reporting policies of the District relating to the funds and account groups will conform to generally accepted accounting principles (GAAP) as applied to governmental entities.

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of _____, 2017 (this "Agreement"), by and between Travis County Water Control and Improvement District No. 17 (the "Issuer"), and _____, _____, _____, a banking corporation duly organized and existing under the laws of the United States of America (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its \$_____ Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, Series 2017, (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about _____, 2017; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Order" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of the Securities and with respect to the transfer and exchange thereof as provided herein and in the "Order."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

**ARTICLE TWO
DEFINITIONS**

Section 2.01. Definitions.

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

"Bank Office" means the designated office for payment of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" is Specialized Public Finance Inc.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or Order signed in the name of the Issuer by an authorized representative, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Order" means the Order of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary of the Board or any other officer of the Issuer and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Order on which the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first-class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Principal and interest payments made pursuant to this Section 3.01 shall be made by wire transfer.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Order.

Section 3.03 Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, as amended, or the Treasury Regulations, the Bank shall report to or cause to be reported to the Holders and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Securities which is required to be reported by the Holders on their returns of federal income tax.

**ARTICLE FOUR
REGISTRAR**

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register"), and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. The Bank also agrees to keep a copy of the Security Register within the State of Texas. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities certificates to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities certificates will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities certificates in safekeeping, which shall be not less than the level of care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that it maintains for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order or other notice of a legal proceeding and prior to the release or disclosure of any of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the same or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities certificates it has paid pursuant to Section 3.01, Securities certificates it has delivered upon the transfer or exchange of any Securities certificates pursuant to Section 4.01, and Securities certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities certificates pursuant to Section 4.06.

**ARTICLE FIVE
THE BANK**

Section 5.01. Duties of Bank.

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

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the

closing memorandum acknowledged by the Issuer, the Issuer's Financial Advisor or other agent as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

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

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proven that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

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

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

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

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a segregated account to be held by the Bank solely for the benefit of the owners of the Securities to be used solely for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for such accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

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

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the Travis County, Texas, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in Travis County, Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Issuer Letter of Representations between the Issuer and The Depository Trust Company, New York, New York, providing for the Bonds to be issued in a Book-Entry Only System. The Bank and the Issuer hereby confirm their obligations under such Letter of Representation.

**ARTICLE SIX
MISCELLANEOUS PROVISIONS**

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

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

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

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

Section 6.05. Successors and Assigns.

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

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

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

Section 6.08. Entire Agreement.

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

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate on the date of final payment by the Bank of the principal of and interest on the Securities to the Holders thereof.

This Agreement may be earlier terminated upon 30 days written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or otherwise adversely affect the payment of the principal, premium, if any, or interest on the

Securities. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within 30 days after the giving of such notice of resignation.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer. The Bank agrees that no termination fee or other charge not specifically provided for in this Agreement will be due or payable by the Issuer in connection with any early termination of this Agreement.

Section 6.11. Governing Law.

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

[The remainder of this page is intentionally left blank.]

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

By: _____

Title: _____

Mailing Address:

**TRAVIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 17**

By: _____

Title: Pricing Officer

Address:

3812 Eck Lane

Austin, Texas 78734

SCHEDULE A

Paying Agent/Registrar Fee Schedule

ESCROW AGREEMENT

Travis County Water Control and Improvement District No. 17 Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, Series 2017

THIS ESCROW AGREEMENT, dated as of _____, 2017 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between Travis County Water Control and Improvement District No. 17 (the "Issuer") and _____, as escrow agent (together with any successor in such capacity, the "Escrow Agent"),

W I T N E S S E T H:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") described in the Verification Report of _____ (the "Report") relating to the Refunded Obligations, attached hereto as Exhibit "B" and made a part hereof; and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purposes of receiving payment from the funds provided for such purpose and Issuer's right to call such Refunded Obligations for redemption in accordance with the provisions of the resolution, order or ordinance authorizing their issuance upon compliance with the provisions of Texas law; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with an eligible institution, including any place of payment (paying agent) for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such eligible institution for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such eligible institution may agree, provided that such deposits may be invested only in obligations authorized by Chapter 1207, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, in accordance with Section 1207.061(a)(3) of the Government Code the Escrow Agent does not act as a depository bank of the Issuer; and

WHEREAS, The Bank of New York Mellon Trust Company, National Association is the paying agent for the Refunded Obligations; and

WHEREAS, the Issuer's Flintrock Ranch Estates Defined Area Unlimited Tax Refunding Bonds, Series 2017 (the "Refunding Obligations") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates as set forth in the Report; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their respective maturity dates or dates of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at a corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is herein also referred to as the "Paying Agent," and any paying agent for the Refunded Obligations, acting through the Escrow Agent, is also a party to this Agreement, as a paying agent for the Refunded Obligations to acknowledge their acceptance of the terms and provisions of this Agreement in such capacity.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which are hereby acknowledged, and in order to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the direct noncallable, not pre-payable United States Treasury obligations and obligations the due timely payment of which is unconditionally guaranteed by the United States of America described in the Report or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A. acting in its capacity as paying agent for the Refunded Obligations.

Section 1.02. Other Definitions. The terms "Agreement," "Issuer," "Escrow Agent," "Paying Agent," "Refunded Obligations," "Refunding Obligations," and "Report" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in the Report,

and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Issuer's Refunded Obligations Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations on their respective maturity dates or dates of redemption, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and interest thereon to such maturity dates or dates of redemption in the amounts and at the times shown in the Report.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents (based solely on the Report) that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations at their respective maturity dates or dates of redemption as such interest comes due and the principal of the Refunded Obligations at their respective maturity dates or dates of redemption as the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the paying agent for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, notice of any such insufficiency shall be given to the Issuer by the Escrow Agent as promptly as practicable as hereinafter provided, but neither the Escrow Agent nor the Issuer shall in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed

Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. Investments. Except as provided in Sections 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities listed in the Report, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Obligations - State and Local Government Series with an interest rate equal to zero percent (0%), as and to the extent described in the Report, to the extent such Obligations are available from the Department of the Treasury. All such re-investments shall be made only from the portion of cash balances derived from the maturing principal of and interest on Escrowed Securities that are United States Treasury Certificates of Indebtedness, Notes or Bonds - State and Local Government Series. All such re-investments shall be acquired on and shall mature on the dates shown on the Report.

Section 4.03. Substitutions and Reinvestments. At the written direction of the Issuer, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the

Escrow Fund, provided that, except for investments described in Section 4.02, the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable direct obligations of the United States of America), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with the Report, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.04. Substitution for Escrowed Securities. Concurrently with the initial deposit by the Issuer with the Escrow Agent, but not thereafter, the Issuer, at its option, may substitute cash or direct noncallable and not pre-payable obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) (the "Substitute Obligations") for Escrowed Securities, if any, but only if such Substitute Obligations

- (a) are in an amount, and/or mature in an amount, which is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted,
- (b) mature on or before the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted, and
- (c) produce the amount necessary to pay the interest on and principal of the Refunded Obligations, as set forth in the Report, as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the Issuer with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the Issuer may, at any time thereafter,

substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any

other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03. Compensation. Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in Exhibit "C" attached hereto, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

The Bank of New York Mellon Trust Company, National Association is the place of payment (paying agent) for the Refunded Obligations. The Issuer covenants to timely pay for all future paying agency services of The Bank of New York Mellon Trust Company, National Association for the Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the Refunded Obligations, the sufficiency of which is hereby acknowledged by The Bank of New York Mellon Trust Company, National Association

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 calendar days, the Escrow Agent, at the expense of the Issuer, has the right to petition a court of competition jurisdiction to appoint a successor under the Agreement, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise

corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer, specifying the date when such resignation will take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder. Any expenses incurred in connection with the appointment of a successor Escrow Agent will not be paid from the Escrow Fund.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) calendar days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007 and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent (and, in the case of Section 4.05, the owners of the Refunding Obligations) and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report and the Escrowed Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations and the Refunding Obligations.

EXECUTED as of the date first written above.

**TRAVIS COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 17**

By _____

Name: Jeff Roberts

Title: Pricing Officer

By _____
Authorized Signatory

EXHIBIT "A"

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

Issuer

Travis County Water Control and
and Improvement District No. 17
3812 Eck Lane
Austin, Texas 78734

Escrow Agent

Attn: _____

EXHIBIT "B"

VERIFICATION REPORT

EXHIBIT "C"

ESCROW AGENT FEE