



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, June 15, 2017, at 6:00 p.m., at the Travis County Water Control and Improvement District offices, at 3812 Eck Lane.

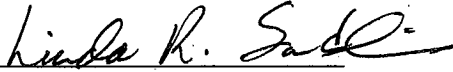
The Consent Agenda allows the Board of Directors to approve all routine, non-controversial items with a single motion, without the need for discussion by the full Board. Any item may be removed from consent and considered individually upon request of a Board member or a member of the public attending 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. Flintrock Wastewater Treatment Plant Expansion, Pay Estimate #14, PLW Central Texas
 2. Tacara at Steiner Ranch, 24" Waterline, Reimbursement Request INV#1003 and INV#1004, Casey Development, Ltd.
 - B. APPROVE PAYMENT OF CURRENT INVOICES
 - C. APPROVE MINUTES – Regular Meeting held May 18, 2017
- V. PUBLIC COMMENT, 6:30 P.M.
- VI. NEW BUSINESS
 - A. DISCUSS/CONSIDER/TAKE ACTION ON ITEMS RELATED TO THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA \$7,000,000 UNLIMITED TAX BONDS, SERIES 2017-A, BOND NO. 3, TO INCLUDE:
 1. RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING PUBLICATION FOR A NOTICE OF SALE FOR TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA UNLIMITED TAX BONDS, SERIES 2017-A;
 2. AUTHORIZE PAYMENT OF THE ATTORNEY GENERAL BOND REVIEW FEE;
 3. AUTHORIZE REIMBURSEMENT AUDIT OF THE SERIES 2017-A BONDS; AND
 4. AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

- B. DISCUSS/CONSIDER/TAKE ACTION REGARDING CONTRACT AWARD FOR MCCORMICK MOUNTAIN WATERLINE IMPROVEMENTS AS RECOMMENDED BY TRIHYDRO
- C. DISCUSS/CONSIDER/TAKE ACTION REGARDING CONTRACT AWARD FOR WILD CHERRY EFFLUENT LINE IMPROVEMENTS AS RECOMMENDED BY TRIHYDRO

VII. 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, May 18, 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 6:03 p.m.

II. ESTABLISH A QUORUM

President Roberts established a quorum of all Directors present; Roberts, Carruthers, Decker, Steed and Ward. General Manager Jason Homan, General Counsels Lauren Kalisek and Ashleigh Acevedo, District Engineers Will Pena and Pat Lackey, 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 Homan reported that in addition to his written report:

- A Texas Commission on Environmental Quality inspector was on site today at both the Eck Lane and Mansfield Water Treatment Plants. The inspector commended how well the record keeping was for both plants and that he would return Tuesday, May 23, 2017 for water tank site inspections.
- Two seminars had been attended: one at the Lower Colorado River Authority regarding financing sustainable water and the other being a Texas Employment Law seminar regarding human resource. Homan said he had material from both seminars if anyone would like to review.
- Two District projects were out for bids to be opened June 8, 2017: McCormick Mountain Drive 12 inch Waterline Improvements and Wild Cherry Effluent Line Improvements.
- The McCormick Mountain Drive project is being funded by the Texas Water Development Board and a Subsequent User Fee will be studied for this improvement project.
- Work by Casey Development was now under way to complete the final section of the 24 inch Waterline Oversizing Project with developers in Steiner Ranch.
- Engineer Pena reviewed current project status and explained that the Wild Cherry effluent project would be done in several stages with the first being completion of an effluent line from the Flintrock Wastewater Treatment Plant to a designed drip

irrigation field behind the hospital. The effluent line was out for bid and would be brought to the Board June 15, 2017. He said the drip irrigation field would be bid next month.

- Pena then explained the continued effluent disposal from the Flintrock Wastewater Treatment Plant that would include construction of an effluent line from the Flintrock golf course pump station (to be built) connecting to the existing effluent line that is in the Flintrock Road right-of-way. This effluent line would feed to a proposed storage tank and enable effluent irrigation in the Serene Hills Defined Area. Pena said that this work would not be bid until the Wild Cherry effluent project was underway.
- Mr. Pena also updated the Directors on the installation of guard rails along Flintrock Road and how the District adverted a potential change order for the location of same.
- Manager Homan reported that he had met with all District employees informing them of his three interests: safety, communication and striving for excellence. He stated that an email account would be set up for each employee so that communication lines would be available to all.
- Manager Homan explained that the District has a good Safety Manual but not a Safety Program and he was forming a committee of volunteers from each department to review the current manual and build upon its strengths and weaknesses while bringing it into compliance. Manager Homan reviewed several incidents that had occurred in his tenure that were all preventable.
- Manager Homan summarized his concerns for electrical safety of staff and that he is having Mr. Pena review the lift station panels to potentially retrofit the location of the reset switch from the back of the control box to the front panel.

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
- No committees met

IV. CONSENT AGENDA

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

1. Eck Lane WTP Backwash Improvements, Pay Estimate #15-Final, Prota Construction Inc. and Prota Inc., JV
2. Flintrock Wastewater Treatment Plant Expansion, Pay Estimate #13, PLW Central Texas.

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- 3. Apache Shores Water Line Improvements – 2016, Pay Estimate #6, Prota Construction, Inc.

B. APPROVE PAYMENT OF CURRENT INVOICES

- C. APPROVE MINUTES – Regular Meeting held April 20, 2017 and Special Meeting held April 25, 2017

Director Roberts asked if there were any questions regarding items on the Consent Agenda.

Motion: Director Decker to approve the Consent Agenda as presented

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

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

President Roberts opened Public Comment at 6:55 p.m.

No one in the audience was present to address the Board of Directors. President Roberts left Public Comment open for anyone who might arrive and wish to address the Board.

Motion: Director Decker to close the Public Comment

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

President Roberts closed Public Comment at 8:34 p.m.

VI. NEW BUSINESS

A. DISCUSS/CONSIDER/TAKE ACTION ON MATTERS WITH THE VILLAS ON TRAVIS TO INCLUDE:

- 1. THE UTILITY OPERATIONS AND SERVICE AGREEMENT BETWEEN THE TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 17 AND THE VILLAS ON TRAVIS; OR

General Manager Homan updated the Directors of a meeting held this week with the Villas Condominium Owners' Association President Karla Givens, the Villas counsel, and Stefanie Albright and Ashleigh Acevedo representing the District. He said that the contract seems to be acceptable by all parties but that he had one reservation. Homan said he is concerned that the Villas will not have sufficient funds to follow through with the recommendations made in 2014 to update the wastewater plant.

Karla Givens introduced herself and Mr. Marv Gallisdorfer and requested clarification of insurance being requested of the Villas on Travis. She was unclear if the Villas were being required to carry an additional pollution rider or not. After discussion and review it was made clear that only General Liability was necessary for District 17 to perform monthly operations and service; it was only a recommendation that the Villas, as the Certificate holder, consider the pollution rider. Mr. Gallisdorfer stated that he was a former president of the Villas association and that his professional background was in wastewater operations

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and plant construction. Ms. Givens stated that the Villas had collected \$160,000.00 to address all priority 1 items in the year 2017 and carry rehabilitation into 2018. Mr. Gallisdorfer said he met with Isaac Briones in October of 2016 and they worked up a plan to address disc filters versus sand filters. Mr. Gallisdorfer also stated that he could provide a copy of an inspection performed on the gray water tank, four-to-five years ago, when Severn Trent was performing the maintenance of the Villas plant.

President Roberts requested that Mr. Gallisdorfer and Ms. Givens meet with General Manager Homan for any future discussions regarding rehabilitation plans. Ms. Givens said she attended a wastewater convention recently and talked with a representative from the Texas Commission on Environmental Quality regarding an opportunity for small system funding. Manager Homan restated his only concern would be the liability District 17 could face should the plant fail or a spill occur prior to any necessary remedies being made. Ms. Givens said the Villas would need to stage the necessary improvements and that a complete plan for replacement and renovation would be available within one month.

The Utility Operations and Service Agreement for the Villas on Travis Condominium Owners' Association, Inc. was agreed to be complete and ready for execution. All parties concluded to be ready to see this plant move forward.

Motion: Director Decker to accept and execute the Utility Operations and Service Agreement, Villas on Travis Condominium Owners' Association, Inc. as drafted

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

2. 30-DAY CANCELLATION NOTIFICATION OF SERVICE FOR THE VILLAS ON TRAVIS

No action.

B. DISCUSS/CONSIDER/TAKE ACTION ON CUSTOMER REQUEST TO EXTEND WASTEWATER SERVICE TO CLARA VAN DRIVE PROPERTY OWNERS AND THE POTENTIAL FOR A SUBSEQUENT USER FEE FOR WASTEWATER SERVICE – GIL DOMINEY

Gil Dominey introduced himself as one of the property owners at the west end of Clara Van Street, near Lake Travis where most septic tanks have aged and are beginning to fail. He reminded the Directors that he came before the Board two years ago with a few other

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residents to initiate this proposed wastewater extension to serve their homes but that at that time the group was unable to make contact with the Hurst Harbor Marina owner (HH) to introduce the plan to HH for inclusion. Therefore sufficient funds could not be committed to extend the wastewater line at that time. Mr. Dominey told the Directors that he was ready to commit to pay one-half of the updated cost to have a wastewater line installed to serve his property before the cost rose even more. He said he would like to have the District establish a Subsequent User Fee (SUF) to help defray his out of pocket costs. Engineer Pena pointed out that the originally proposed system included more residential properties than this plan. He said the updated cost estimate for this system is now \$305,400. Mr. Dominey said he wanted to refurbish his 60 plus year old home and he could not pass the new Lower Colorado River Authority septic regulations. He said this would be the last time to bring this request to the Directors offering to pay a substantial portion of the cost for a wastewater service line. Director Decker again explained to Mr. Dominey that the District has a policy of growth paying for itself and that the District cannot carry infrastructure for an area not willing to pay. Mr. Dominey concluded by asking if he were to provide 100 percent of the cost could a SUF be assessed. President Roberts replied to the affirmative.

No action.

C. DISCUSS/CONSIDER/TAKE ACTION REGARDING HUGHES PARK AREA WATERLINE IMPROVEMENTS TO INCLUDE:

1. CONTRACT AWARD AS RECOMMENDED BY THE DISTRICT ENGINEERS; AND

Engineer Pena said that ten bids were received and opened May 2, 2017 for the Hughes Park Area Waterline Improvements. He said WPM Construction Services Inc. submitted the lowest bid in an amount of \$624,965.00 and that all qualifications and references of the low bidder were found to be in order.

2. VARIANCE OF BID BOND

Mr. Pena continued that nine of the bidders submitted a Bid Bond through a company holding a certificate of authority from the Secretary of the Treasury of the United States. WPM Construction Services had only provided a Bid Bond in their bid submittal but the bonding company was not listed as holding a certificate of authority from the Secretary of the Treasury of the United States. When this was pointed out after the bid opening, WPM submitted a revised Bid Bond through a company holding such certificate.

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Mr. Pena recommended award of this contract to WPM as a capable contractor.

Motion: Director Ward to approve the contract award as recommended by the District Engineers and a variance of the bid bond to WPM Construction Services Inc.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

D. DISCUSS/CONSIDER/TAKE ACTION ON SOLID WASTE AND RECYCLE SERVICES PROVIDED BY PROGRESSIVE WASTE SOLUTIONS OF TX, INC., d/b/a "WC OF TEXAS" FOR WCID17 CUSTOMERS TO INCLUDE:

1. PERFORMANCE REVIEW FOR 2015 AND 2016; AND

General Manager Homan reviewed comments made by the billing clerk, Lisa Vickery, who oversees the current enrollment of 1716 accounts, bill reconciliation, customer satisfaction, complaints and overall processes. Ms. Vickery stated that Waste Connections (WC) provides a good working relationship and that she believes WC will continue to provide the District customers with good weekly trash and recycling service.

2. CONTRACT EXPIRATION OF OCTOBER 1, 2017

General Manager Homan stated that he did not want to recommend going out for new bids. Homan requested the ability to negotiate with the current contractor for a new three to five year contract.

Motion: Director Steed to authorize the General Manager to renegotiate a contract with Progressive Waste Solutions of TX, Inc.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

E. DISCUSS/CONSIDER/TAKE ACTION REGARDING RECEIPT OF RECOMMENDATIONS FROM IMPACT FEE ADVISORY COMMITTEE AND CONSIDERATION OF ANY AMENDMENTS TO DISTRICT IMPACT FEES INCLUDING:

Notes of the April 12, 2017 Impact Fee Advisory Committee had been distributed in the Director's packet.

1. STEINER RANCH WASTEWATER SYSTEM

A. CONSIDER RECOMMENDATION FROM IMPACT FEE ADVISORY COMMITTEE THAT FIVE YEAR UPDATE OF LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN, OR IMPACT FEE IS NOT NEEDED

B. APPROVAL OF RELATED PUBLIC NOTICE

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Attorney Kalisek stated that the Impact Fee Advisory Committee (IFAC) recommended making no fee changes to the Steiner Ranch Wastewater System since the last formal review of 2012. *A memo dated April 13, 2017 from Trihydro Engineers reports that the Capital Improvement Plan remains unchanged as well as the Land Use Assumptions. The memo further stated that Trihydro did not see a need to update this study at this time, foregoing a five-year formal study of the Steiner Ranch Wastewater System.* Attorney Kalisek stated that if no changes were to be adopted, a Notice of Determination Not to Update Land Use Assumptions, Capital Improvement Plan, or Impact Fee would need to be published.

Motion: Director Carruthers to approve the recommendation of the Impact Fee Advisory Committee to make no fee changes to the \$4,100 Steiner Ranch Wastewater System Impact Fee and to notice the public.

Second: Director Ward

Ayes: 5

Noes: 0

Unanimous

2. SOUTH DISTRICT (FLINTROCK) WASTEWATER SYSTEM

A. CONSIDER RECOMMENDATION FROM IMPACT FEE ADVISORY COMMITTEE ON IMPACT FEE INCREASE

Attorney Kalisek stated that the Impact Fee Advisory Committee was recommending an increase of the current Impact Fee, \$12,600, to \$13,200. Will Pena explained that this increase is based on the 2015 Study, the actual plant construction costs, and the Construction Cost Index, the Impact Fee could be revised from \$12,600 up to a maximum of \$13,464.

B. APPROVAL OF ORDER SETTING PUBLIC HEARING AND RELATED PUBLIC NOTICE

Attorney Kalisek informed the Directors of the steps to take, beginning with a Public Hearing 30-days from date of public notice, should the Board want to act on the Impact Fee Advisory Committee recommendation.

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Motion: Director Ward to approve the recommendation of the Impact Fee Advisory Committee to increase the South District (Flintrock) Wastewater System Impact Fee and call a Public Hearing to be held July 20, 2017 at 6:45 p.m.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

3. COMMANDER'S POINT WASTEWATER SYSTEM

- A. CONSIDER RECOMMENDATION FROM IMPACT FEE ADVISORY COMMITTEE THAT FIVE YEAR UPDATE OF LAND USE ASSUMPTIONS, CAPITAL IMPROVEMENTS PLAN OR IMPACT FEE IS NOT NEEDED**
- B. APPROVAL OF RELATED PUBLIC NOTICE**

Attorney Kalisek stated that this wastewater system was much like the Steiner Ranch system in that the Capital Improvement Plan remains unchanged as well as the Land Use Assumptions and the Impact Fee Advisory Committee recommended making no fee changes to the Commander's Point Wastewater System at this time. *Again, a memo dated April 13, 2017 from Trihydro Engineers reports that the Capital Improvement Plan remains unchanged with no further improvements anticipated and that the Land Use Assumptions also remain unchanged. The memo further stated that Trihydro did not recommend to update this study at this time, and recommended that the current Impact Fee of \$9,200 per Living Unit Equivalent (LUE) remain unchanged.* Attorney Kalisek stated that a Notice of Determination Not to Update Land Use Assumptions, Capital Improvement Plan, or Impact Fee would need to be published for Commander's Point also if no changes were to be made.

Motion: Director Steed to accept the recommendation of the Impact Fee Advisory Committee to not do a formal study of the Commander's Point Wastewater System, keep the current Impact Fee of \$9,200 per Living Unit Equivalent and to notice the public.

Second: Director Decker

Ayes: 5

Noes: 0

Unanimous

F. DISCUSS/CONSIDER/TAKE ACTION REGARDING CHANGE ORDER BY PEPPER-LAWSON WATERWORKS, FOR FLINTROCK WASTEWATER TREATMENT PLANT ELECTRICAL DISCONNECT IN AN AMOUNT OF \$57,882.00 – UPDATE TO PREVIOUSLY APPROVED AMOUNT OF \$52,571.00 AFTER AUSTIN ENERGY APPROVAL OF CORRECT DISCONNECT DEVICE

Will Pena reminded the Directors that a change order in the amount of \$52,571 was discussed at the April 20, 2017 meeting. He continued explaining that after the April meeting he met with a City of Austin inspector (COA) and in order to pass inspection, the addition of a 1200A GFI Protected Mini-Circuit Breaker Panel for disconnect outside within site of the pad mounted transformer would be necessary and this type of panel would be more expensive. Mr. Pena said that in following the COA recommendation, the Change Order would increase to \$57,882.00 and that he recommends the Board approve this proposed change. Mr. Pena said that this could cause a two month delay but that Pepper-Lawson has been instructed to continue with plan and use a generator to test plant systems before the switch arrives for installation.

Motion: Director Ward to approve this Change Order by Pepper-Lawson Waterworks for electrical disconnect work in the amount of \$57,882.00

Second: Director Steed

Ayes: 5

Noes: 0

Unanimous

G. DISCUSS/CONSIDER/TAKE ACTION REGARDING NON-COMPLIANCE WITH DISTRICT RULES AND POLICIES AND NON-PAYMENT OF APPLICABLE FEES BY EDGAR PRATS

General Manager Homan briefed the Board on the non-compliance of District Rules and Policies and non-payment of fees with lack of inspections on eight properties being built within the District boundaries by Edgar Prats. He explained that an investigation by staff began approximately five weeks ago when a new homeowner came into the District office to transfer water service from the builder's name into their name. He said it was at the time the homeowner came in for service transfer, staff had no record of water service at the address. Staff was sent to investigate and found a water meter connected to District waterlines, but that the meter had not been installed by the District. At this point a letter was sent to Mr. Prats informing him of the non-compliance and that all water meters within the District, under construction by Prats, were locked. Mr. Homan stated that his concern is the welfare of the buyers for these properties that have been built without inspections. President Roberts requested to enter Executive Session for further discussion.

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At the close of Executive Session, President Roberts directed the General Manager to continue to work on recovering all fees and penalties for said properties under construction by Edgar Prats.

VII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 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
Executive Session not held

VIII. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.071 AND RELATING TO REAL AND PERSONAL PROPERTY IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.072, REGARDING THE CONTRACT AWARD AND VARIANCE OF BID BOND FOR THE HUGHES PARK AREA WATERLINE IMPROVEMENT
Executive Session not held

IX. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.071 AND RELATING TO REAL AND PERSONAL PROPERTY IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.072, REGARDING CHANGE ORDER BY PEPPER-LAWSON WATERWORKS, FOR FLINTROCK WASTEWATER TREATMENT PLANT ELECTRICAL DISCONNECT IN AN AMOUNT OF \$57,882.00 – UPDATE TO PREVIOUSLY APPROVED AMOUNT OF \$52,571.00 AFTER AUSTIN ENERGY APPROVAL OF CORRECT DISCONNECT DEVICE
Executive Session not held

X. THE BOARD WILL MEET IN EXECUTIVE SESSION TO RECEIVE ADVICE FROM ITS ATTORNEY, IN ACCORDANCE WITH TEXAS GOVERNMENT CODE SECTION 551.071, REGARDING NON-COMPLIANCE WITH DISTRICT RULES AND POLICIES AND NON-PAYMENT OF APPLICABLE FEES BY EDGAR PRATS
President Roberts opened Executive Session at 8:07 p.m. Executive Session closed at 8:32 p.m. with no action taken in Executive Session.

XI. ADJOURNMENT
Motion: Director Carruthers to adjourn
Second: Director Ward
Ayes: 5
Noes: 0
Unanimous

President Roberts adjourned the meeting at 8:34 p.m.

Approved this _____ day of _____ 2017, with a motion

by Director _____ and a Second by Director _____.

Ayes _____ Noes _____ Abstained _____

Presiding Officer

Secretary

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**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT,
AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL
STATEMENT AND PUBLICATION OF NOTICE OF SALE OF BONDS FOR TRAVIS
COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA UNLIMITED
TAX BONDS, SERIES 2017A**

WHEREAS, the Board of Directors (the "Board") of the Travis County Water Control and Improvement District No. 17 (the "District") has authorized the District's financial advisor, Specialized Public Finance Inc. (the "Financial Advisor"), to prepare a Preliminary Official Statement and Official Notice of Sale and Official Bid Form (the "Preliminary Official Statement") in connection with the Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A (the "Bonds"); and

WHEREAS, the Board has reviewed the Preliminary Official Statement; and

WHEREAS, the Board deems it appropriate to approve the Preliminary Official Statement and authorize the distribution of the Preliminary Official Statement and publication of the Notice of Sale, as further set forth below.

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

Section 1. APPROVAL AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT. The Board hereby approves the Preliminary Official Statement substantially in the form attached hereto as Exhibit "A" with such changes, additions or deletions as authorized by the Board, acting by and through the General Manager. The District's Financial Advisor is hereby authorized and directed to distribute the Preliminary Official Statement to potential purchasers of the Bonds and make application to the appropriate bond insurance companies, if any, and rating agencies, if any.

Section 2. PUBLICATION OF NOTICE OF SALE. The District's Bond Counsel is hereby authorized to publish a Notice of Sale of the Bonds in substantially the form attached hereto as Exhibit "B" with such sale date information as agreed to by the General Manager.

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

Section 4. 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 each series of the Bonds or (ii) \$9,500 per series, 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 for each series of Bonds. 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.

EXHIBIT "A"

Preliminary Official Statement

EXHIBIT "B"

**NOTICE OF SALE
TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
SERENE HILLS DEFINED AREA UNLIMITED TAX BONDS, SERIES 2017A**

**(A political subdivision of the State of Texas
located in Travis County, Texas)
\$7,000,000**

**Selling: Thursday, August 17, 2017 at 6:00 p.m., C.S.T.
Bids Due 10:00 a.m., C.S.T.**

Place and Time of Sale: The District will consider awarding the sale of the Bonds on Thursday, August 17, 2017 at 6:00 p.m., C.S.T., at the designated meeting place inside the boundaries of the District, at 3812 Eck Lane, Austin, Texas 78734-1613. Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a Bank Cashier's Check in the amount of \$140,000 payable to the order of Travis County Water Control and Improvement District No. 17 as a good faith deposit to Specialized Public Finance Inc., 248 Addie Roy #B103, Austin, Texas 78746, by 10:00 a.m., C.S.T. on the date of the sale.

Address of the Bids/Bids Delivered in Person: Written bids, plainly marked "Bid for Bonds" should be addressed to the Board of Directors of Travis County Water Control and Improvement District No. 17, and if delivered in person, delivered to Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy #B103, Austin, Texas 78746, by 10:00 a.m., C.S.T., on Thursday, August 17, 2017. All bids must be signed and submitted on the "Official Bid Form."

Electronic Bidding Procedures: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 10:00 a.m., C.S.T., on Thursday, August 17, 2017 as described in the "Official Notice of Sale" described below.

Bids by Telephone or Facsimile: Facsimile bids will be accepted at (512) 275-7305 between 9:30 a.m., C.S.T. and 10:00 a.m., C.S.T., to the attention of Garry Kimball, on the date of sale all as described in the "Official Notice of Sale" described below. Telephone bids will be accepted at (512) 275-7300 between 9:30 a.m., C.S.T. and 10:00 a.m., C.S.T. on the date of sale.

Information: The Bonds are more completely described in the "Official Notice of Sale," "Official Bid Form" and the "Preliminary Official Statement" which may be obtained from Specialized Public Finance Inc., 248 Addie Roy #B103, Austin, Texas 78746, Financial Advisor to the District.

The bidder whose bid is the winning bid in accordance with the Notice of Sale will be notified immediately and must submit a SIGNED Official Bid Form in connection with the sale by 6:00 p.m., C.S.T. on Thursday, August 17, 2017, to Garry Kimball, Specialized Public Finance Inc. Additionally, pursuant to Texas Government Code Section 2252.908, the District may not award the Bonds to the winning bidder unless the bidder submits a Certificate of Interested Parties Form 1295, as prescribed by the Texas Ethics Commission, to the District, before the District formally votes to award the Bonds to the winning bidder.

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale," the "Preliminary Official Statement" and the "Official Bid Form."

Board of Directors
Travis County Water Control and
Improvement District No. 17

OFFICIAL NOTICE OF SALE

THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS

\$7,000,000

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17

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

SERENE HILLS DEFINED AREA

UNLIMITED TAX BONDS, SERIES 2017A

The Bonds are special limited obligations of Travis County Water Control and Improvement District No. 17 (the “District”) secured solely by taxes levied on property in the Serene Hills Defined Area within the District (the “Serene Hills Defined Area”) and are not obligations of the Cities of Austin, Lakeway or Bee Cave, Texas, Travis County, Texas, the State of Texas, or any entity other than the District. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED IN THE PRELIMINARY OFFICIAL STATEMENT.

THE SALE

BONDS OFFERED FOR SALE BY COMPETITIVE BIDDING: The Board of Directors (the “Board”) of the District is inviting competitive bids for the purchase of \$7,000,000 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A (the “Bonds”). Sealed bids may be submitted by either of three alternative procedures: (1) written bids; (2) electronic bids; or (3) phone or facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Specialized Public Finance Inc., assumes any responsibility or liability for a prospective bidding procedure.

The District and Specialized Public Finance Inc. assume no responsibility or liability with respect to any irregularities associated with the submission of bids by phone, facsimile or electronic options.

Specialized Public Finance Inc. will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System (“PARITY”).

PROCEDURE NUMBER 1: Written Bids: Bids, plainly marked “Bid for Bonds”, should be addressed to “President and Board of Directors, Travis County Water Control and Improvement District No. 17,” and should be delivered to the District’s Financial Advisor, Specialized Public Finance Inc. at 248 Addie Roy Road, Suite B-103, Austin, Texas, by 10:00 AM, CDT, on August 17, 2017 (“the date of the bid opening”).

PROCEDURE NUMBER 2: Electronic Bidding Procedures: Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 10:00 AM, CDT, on the date of the bid opening.

Subscription to the i-Deal LLC’s BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Dalcomp/Parity, 395 Hudson Street, New York, New York 10014, attention: Jennifer Emery (212) 806-8304.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to either bidding system.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither Specialized Public Finance Inc. nor the District shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of the Official Notice of Sale and Official Bid Form. If any provisions of the Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control.

For information purposes only, bidders are requested to state in their electronic bids the net effective interest cost to the District, as described under “CONDITIONS OF THE SALE – Basis of Award” below.

PROCEDURE NUMBER 3: Bids by Phone or Facsimile: Bidders must submit prior to the date of the bid opening, SIGNED Official Bid Form to Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by phone or facsimile (fax) on the date of the bid opening.

Phone bids will be accepted at (512) 275-7300, between 9:30 AM and 10:00 AM, CDT on the date of the bid opening.

Fax bids must be received by 10:00 AM, CDT, on the date of the bid opening at (512) 275-7305, attention: Garry Kimball.

WINNING BIDDER: The bidder whose bid is the winning bid in accordance with the Official Notice of Sale will be notified immediately and must submit a fax of a SIGNED Official Bid Form in connection with the sale on Thursday, August 17, 2017 to Garry Kimball, Specialized Public Finance Inc. at (512) 275-7305.

PLACE AND TIME OF BID OPENING: The Board will award the sale of the Bonds at the District’s offices at 3812 Eck Lane, Austin Texas, at a meeting that begins at 6:00 P.M., CDT, on Thursday, August 17, 2017. All bids, including those being hand delivered, must be received by 10:00 AM CDT, on Thursday, August 17, 2017, at Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Any bid received after the scheduled time for receipt will not be accepted by the Board and will be returned unopened.

AWARD OF THE BONDS: The District will take action to award the Bonds or reject any or all bids. Upon awarding the Bonds to the winning bidder (the “Purchaser”), the Board will adopt an order authorizing the issuance of the Bonds (the “Bond Order”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order, to which Bond Order reference is hereby made for all purposes. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing.

WITHDRAWAL OF THE BIDS: Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for ten hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

EXTENSION OF SALE DATE: The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, CDT, on Wednesday, August 16, 2016, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE: The District has applied for an underlying rating from Moody’s Investors Service, Inc. (“Moody’s”). The District does not currently have an outstanding rating.

In the event the Bonds are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. Any fees to be paid to any rating agency as a result of said insurance will be paid by the District. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by the rating agency of the bond insurance provider shall not relieve the Purchaser of its obligation under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS.”

THE BONDS

DESCRIPTION OF THE BONDS: The Bonds will be dated September 26, 2017 (the “Dated Date”), and interest will accrue from the date of initial delivery, will be payable on May 1, 2018 and on each November 1 and May 1 thereafter until the earlier of maturity or prior redemption and will be calculated on the basis of a 360 day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid by The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the “Paying Agent/Registrar”) which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See the Preliminary Official Statement (made a part hereof) for a more complete description of the Bonds, including redemption provisions. The Bonds will mature on November 1 in the years and amounts as follows:

MATURITY SCHEDULE

Year	Principal Amount	Year	Principal Amount
2019	\$ 165,000	2031	\$ 285,000
2020	175,000	2032	295,000
2021	180,000	2033	310,000
2022	190,000	2034	325,000
2023	200,000	2035	340,000
2024	210,000	2036	355,000
2025	215,000	2037	375,000
2026	225,000	2038	390,000
2027	240,000	2039	410,000
2028	250,000	2040	425,000
2029	260,000	2041	445,000
2030	270,000	2042	465,000

OPTIONAL REDEMPTION PROVISIONS: Bonds maturing on and after November 1, 2025, are subject to redemption prior to maturity, at the option of the District, as a whole or, from time to time in part in multiples of \$5,000, on November 1, 2024, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District.

MANDATORY SINKING FUND REDEMPTION: If the Purchaser designates principal amounts to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on November 1 of the first year which has been combined to form such term bond and continuing on November 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under the captioned "MATURITY SCHEDULE." Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par by lot or other customary random method. The principal amount of term bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of term bonds that have been redeemed in such year and have not been the basis for any prior optional redemption.

OTHER TERMS AND COVENANTS: Other terms of the Bonds and various covenants of the District are contained in the Bond Order, which is described in the Preliminary Official Statement, to which reference is made for all purposes.

SOURCE AND SECURITY OF PAYMENT: The Bonds will constitute valid and legally binding special limited obligations of the District, with principal and interest payable solely from the proceeds of a continuing, direct, annual ad valorem tax levied against all taxable property located within the Serene Hills Defined Area, without legal limitation as to rate or amount. The Bonds are special limited obligations solely of the District and are not obligations of the Cities of Austin, Lakeway or Bee Cave, Texas, Travis County, Texas, the State of Texas, or any entity other than the District.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the book-entry-only system of The Depository Trust Company ("DTC"). See "THE BONDS – Book-Entry-Only System" in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Bonds will be sold in one block on an "all or none" basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3%. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than \$5,000 will be considered.

BASIS OF AWARD: For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the interest rate or rates specified therein, the total dollar value of all interest on the Bonds from the date of initial delivery (as described below) to their respective maturities and adding thereto any discount bid, if any, or subtracting therefrom any premium bid, if any. The District reserves the right to reject any or all bids and to waive any and all irregularities except time of filing. Subject to such rights, the Bonds will be awarded to the bidder whose bid, under the above computation, produces the lowest net effective interest rate to the District. In the event there are mathematical discrepancies between the interest rate or rates and the interest costs determined therefrom, as both appear on the Official Bid Form, the bid will be solely governed by the interest rates shown on the Official Bid Form.

In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Purchaser will be required to provide the District with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTEREST PARTY FORM 1295: New obligation of the District to receive information from winning bidder. Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 ("the Interested Party Disclosure Act"), the District may not award the Bonds to the winning bidder unless the bidder has submitted a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District prior to such award, as prescribed by the Texas Ethics Commission ("TEC"). In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award.

Process for completing the Disclosure Form. Reference should be made the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Purchaser will need the following information: (a) item 2 – name of governmental entity: [Travis County WCID #17-Serene Hills](#) and (b) item 3 – the identification number assigned to this contract by the District: [Travis WCID17 Serene 2017A Bid](#), and a description of the services to be provided under the contract: [Purchase of Bonds](#). The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the District to complete the form at the TEC Internet "portal" that may be accessed at the url set forth above, and then print, sign, notarize and deliver the Disclosure Form by email to the District at cpolumbo@mphlegal.com. Following the award of the Bonds, the District will acknowledge receipt of the completed Disclosure Form through the TEC website, as required by the law.

Preparations and for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the bidder MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made “under oath and under penalty of perjury.” Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. Time will be of the essence in submitting the form to the District, and no award will be made by the District of the Bonds until a completed Disclosure Form is received. The District reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

GOOD FAITH DEPOSIT: A Good Faith Deposit, payable to the “Travis County Water Control and Improvement District No. 17”, in the amount of \$140,000, is required. Such Good Faith Deposit shall be retained uncashed by the District pending the Purchaser’s compliance with the terms of the bid and this Official Notice of Sale. The Good Faith Deposit may be provided to the District via wire transfer (the District will provide wire instructions to the winning bidder), or in the form of a certified or cashier’s check. The Good Faith Deposit will be retained by the District and (a) (i) if the Purchaser utilizes a cashier’s check as its Good Faith Deposit, said cashier’s check will be returned to the Purchaser after delivery of the Bonds, (ii) if the Purchaser utilizes a wire transfer method for its Good Faith Deposit, said wire transfer will be applied to the purchase price at the delivery of the Bonds; or (b) will be retained by the District as liquidated damages if the Purchaser defaults with respect to its purchase of the Bonds in accordance with its bid; or (c) will be returned to the Purchaser if the Bonds are not issued by the District for any reason which does not constitute a default by the Purchaser.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond payable in installments (collectively, the “Initial Bond”), either in typed or printed form, in the aggregate principal amount of \$7,000,000, registered in the name of the Purchaser, manually signed by the President and Secretary of the Board or the District Secretary, or executed by the facsimile signatures of the President and Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or its authorized deputy. Upon delivery of the Initial Bond, the Paying Agent/Registrar shall immediately cancel the Initial Bond and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. in connection with DTC’s book-entry-only system. Initial Delivery will be at a corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six (6) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about September 26, 2017, and subject to the aforementioned notice it is understood and agreed that the Purchaser will accept delivery of and make payment for the Bonds by 10:00 A.M., CDT, on September 26, 2017, or thereafter on the date the Bonds are tendered for delivery, up to and including October 10, 2017. If for any reason the District is unable to make delivery on or before October 10, 2017, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty (30) days. If the Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Purchaser at the time the Bonds are awarded or as soon thereafter as practicable. The CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid by the District.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Bonds is subject to the following conditions: issuance of an approving opinion of the Attorney General of Texas, the Purchaser’s receipt of typewritten bonds, the legal opinion of Bond Counsel, and the No-Litigation Certificate, all of which are described herein, and the non-occurrence of the events described below under the caption “No Material Adverse Change.” In addition, if the District fails to comply with its obligations described in the Preliminary Official Statement, the Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

LEGAL OPINIONS: The District will furnish without cost to the Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the Serene Hills Defined Area, and, based upon an examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas, to a like effect and to the effect that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and that the Bonds are not private activity bonds.

CERTIFICATION REGARDING OFFERING PRICE OF BONDS: In order to provide the District with information to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the “Code”) relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding “issue price” substantially in the form accompanying this Official Notice of Sale. If the

Purchaser will not reoffer the Bonds for sale or has not sold a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District. In no event will the District fail to deliver the Bonds as a result of the Purchaser's inability to certify actual sales of Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the date of delivery of the Bonds if its bid is accepted by the District. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

NO-LITIGATION CERTIFICATE: With the delivery of the Bonds, the President and Secretary of the Board will, on behalf of the District, execute and deliver to the Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the best knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

NO MATERIAL ADVERSE CHANGE: The obligations of the District to deliver the Bonds and of the Purchaser to accept delivery of and pay for the Bonds are subject to the condition that to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the conditions of the District from those set forth in or contemplated by the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

GENERAL CONSIDERATIONS

INVESTMENT CONSIDERATIONS: The Bonds involve certain investment considerations. Prospective bidders are urged to examine carefully the entire Preliminary Official Statement, made a part hereof, with respect to the investment security of the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

RESERVATION OF RIGHTS: The District reserves the right to reject any and all bids and to waive any and all irregularities except time of filing.

NOT AN OFFER TO SELL: This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form, collectively.

OFFICIAL STATEMENT: The District has prepared and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates and the purchase price bid by the Purchaser and the initial public offering yields as provided by the Purchaser to the District, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below in "– Changes to Official Statement." Accordingly, the District deems the accompanying Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12 (the "Rule"), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "PREPARATION OF OFFICIAL STATEMENT – Certification of Official Statement."

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

DELIVERY OF OFFICIAL STATEMENTS: The District will furnish Official Statements to the Purchaser (and to each participating member of the underwriting syndicate, if any, of the Bonds, within the meaning of the Rule, designated by the Purchaser), within seven (7) business days after the sale date. The District will also furnish to the Purchaser a like number of any supplement or amendment prepared by the

District for dissemination to potential purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Purchaser may reasonably request as described above in “– Changes to Official Statement” above.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; and the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. By submission of its bid, the Purchaser represents that the sale of the Bonds in states other than the State of Texas will be made pursuant to exemptions from registration or qualification, or where necessary, the Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Purchaser, at the Purchaser’s written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

CONTINUING DISCLOSURE AGREEMENT: The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under “CONTINUING DISCLOSURE OF INFORMATION.” The Purchaser’s obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Bond Order containing the agreement described under such heading.

ADDITIONAL COPIES OF DOCUMENTS: Additional copies of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form may be obtained from the Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

/s/ JEFF ROBERTS

President, Board of Directors
Travis County Water Control and Improvement District No. 17
Travis County, Texas

THE DATE OF THIS OFFICIAL NOTICE OF SALE IS AUGUST 3, 2017.

OFFICIAL BID FORM

President and Board of Directors
 Travis County Water Control and Improvement District No. 17
 3812 Eck Lane
 Austin, Texas

Board Members:

We have read in detail your Official Notice of Sale and accompanying Preliminary Official Statement dated August 3, 2017, relating to the Travis County Water Control and Improvement District No. 17 (the "District") \$7,000,000 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain investment considerations, and we have made inspections and investigations as we deem necessary relating to the Serene Hills Defined Area of the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$7,000,000, we will pay you a price of \$ _____, representing _____ % of the par value. Such Bonds mature November 1, in each of the years and in the amounts and interest rates shown below:

Maturity	Principal Amount	Interest Rate	Maturity	Principal Amount	Interest Rate
11/1/2019	\$ 165,000	%	11/1/2031	\$ 285,000	%
11/1/2020	175,000	%	11/1/2032	295,000	%
11/1/2021	180,000	%	11/1/2033	310,000	%
11/1/2022	190,000	%	11/1/2034	325,000	%
11/1/2023	200,000	%	11/1/2035	340,000	%
11/1/2024	210,000	%	11/1/2036	355,000	%
11/1/2025	215,000	%	11/1/2037	375,000	%
11/1/2026	225,000	%	11/1/2038	390,000	%
11/1/2027	240,000	%	11/1/2039	410,000	%
11/1/2028	250,000	%	11/1/2040	425,000	%
11/1/2029	260,000	%	11/1/2041	445,000	%
11/1/2030	270,000	%	11/1/2042	465,000	%

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

Term Bond Maturing November 1	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TOTAL INTEREST COST FROM 9/26/2017	\$ _____
PLUS DOLLAR AMOUNT OF DISCOUNT	\$ _____
NET INTEREST COST	\$ _____
NET EFFECTIVE INTEREST RATE	_____ %

The Initial Bond shall be registered in the name of _____ (Purchaser/syndicate manager). We will advise The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, the Paying Agent/Registrar, on forms to be provided by the Paying Agent/Registrar, of our registration instructions at least five (5) business days prior to the date set for Initial Delivery. We will not ask the Paying Agent/Registrar to accept any registration instructions after the five (5) day period.

A wire transfer or a cashiers or certified check to the District in the amount of \$140,000 will be made available in accordance with the Official Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Official Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us. Please check the box below to designate your Good Faith Deposit option.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We understand the sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the District and the Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Syndicate Members:

Name of Purchaser or Syndicate Manager

Authorized Representative

Phone Number

Signature

Please check one of the options below regarding Good Faith Deposit:

Submit by Wire Transfer

Submit by Bank Cashier's/Certified Check

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Travis County Water Control and Improvement District No. 17, Travis County, Texas, this the 17th day of August, 2017.

ATTEST:

Secretary, Board of Directors
Travis County WCID No. 17

President, Board of Directors
Travis County WCID No. 17

CERTIFICATE OF PURCHASER

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A issued by the Travis County Water Control and Improvement District No. 17 (the “Issuer”) in the principal amount of \$7,000,000 (the “Bonds”), hereby certifies and represents, based on its records and information, as follows:

(If at least 3 bids are received by the Issuer from underwriters,
as confirmed to the Purchaser by the Issuer’s Financial Advisor:)

(a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.

(b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

(If less than 3 bids are received from underwriters,
as confirmed to the Purchaser by the Issuer’s Financial Advisor:)

(a) [Other than the Bonds maturing in ____ (“Hold-the-Price Maturities”), the][The first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices (the “Initial Offering Prices”), as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if there are Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds (“Sale Date”), the Purchaser offered to the Public each [maturity of the Bonds having the same credit and payment terms (“Maturity”)] [Maturity of the Hold-the-Price Maturities] at their respective initial offering prices (“Initial Offering Prices”), as set forth in Schedule A hereto. [A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.]

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a [at least ten percent (“Substantial Amount”)] [Substantial Amount] of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

(The following shall be included, regardless of the number of bids received)

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

[Signature Page Follows]

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this _____, 2017

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

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

PRELIMINARY OFFICIAL STATEMENT

Dated August 3, 2017

Moody's: Applied For
Insurance: Applied For
See: "MUNICIPAL BOND
RATING AND INSURANCE"

NEW ISSUE – BOOK-ENTRY-ONLY

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

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



\$7,000,000
TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
(A political subdivision of the State of Texas located within Travis County)
SERENE HILLS DEFINED AREA UNLIMITED TAX BONDS, SERIES 2017A

The bonds (described below) are special limited obligations of Travis County Water Control and Improvement District No. 17 (the "District") secured solely by ad valorem taxes levied on property in the Serene Hills Defined Area within the District and are not obligations of the State of Texas, Travis County, the Cities of Austin, Lakeway or Bee Cave, Texas or any entity other than the District.

Dated Date: September 26, 2017

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

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

The \$7,000,000 "Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A" (the "Bonds") will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will accrue from the Date of Initial Delivery, as defined below, will be payable on November 1, 2017 and on each May 1 and November 1 thereafter (each an "Interest Payment Date"), until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The District intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), but reserves the right on its behalf or on behalf of DTC to discontinue such system. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., as the nominee of DTC, which will make distribution of the amounts so paid to participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System." The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

Proceeds of the Bonds will be used to finance (i) water and wastewater and drainage facilities for Serene Hills sections 1A and 1B, (ii) engineering fees, (iii) water and wastewater impact fees, (iv) land costs, (v) approximately 12 months of capitalized interest, (vi) developer interest and (vii) the costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

CUSIP PREFIX: 894520
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Inside Cover Page

The Bonds, when issued, will constitute valid and legally binding special limited obligations of the District and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the Serene Hills Defined Area within the District. **THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN.** See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the District subject to prior sale, when, as and if issued by the District and accepted by the Purchaser, subject, among other things, to the approval of the Initial Bond by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas. Delivery of the Bonds is expected through the facilities of DTC on or about September 26, 2017 (the "Date of Initial Delivery"), in Austin, Texas.

BIDS DUE THURSDAY, AUGUST 17, 2017, BY 10:00 AM, CDT

MATURITY SCHEDULE

<u>Maturity (November 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield^(b)</u>	<u>CUSIP Numbers^(c)</u>
2019	\$ 165,000			
2020	175,000			
2021	180,000			
2022	190,000			
2023	200,000			
2024	210,000			
2025 ^(a)	215,000			
2026 ^(a)	225,000			
2027 ^(a)	240,000			
2028 ^(a)	250,000			
2029 ^(a)	260,000			
2030 ^(a)	270,000			
2031 ^(a)	285,000			
2032 ^(a)	295,000			
2033 ^(a)	310,000			
2034 ^(a)	325,000			
2035 ^(a)	340,000			
2036 ^(a)	355,000			
2037 ^(a)	375,000			
2038 ^(a)	390,000			
2039 ^(a)	410,000			
2040 ^(a)	425,000			
2041 ^(a)	445,000			
2042 ^(a)	465,000			

(Interest Accrues from the Date of Initial Delivery)

- (a) Bonds maturing on and after November 1, 2025 are subject to redemption prior to maturity, at the option of the District in whole or from time to time in part in integral multiples of \$5,000 on November 1, 2024, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. Additionally, any Bonds designated as term Bonds may be subject to mandatory sinking fund redemption. See “THE BONDS – Redemption Provisions.”
- (b) The initial yields are established by and are the sole responsibility of the Purchaser and may subsequently be changed.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor, or the Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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USE OF INFORMATION IN THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), this document constitutes an Official Statement of the District with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of the information permitted by the Rule.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “Final Official Statement” of the District with respect to the Bonds, as that term is defined in Rule 15c2-12.

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Specialized Public Finance Inc., the District’s financial advisor (the “Financial Advisor”), 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, for further information.

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

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

SALE AND DISTRIBUTION OF THE BONDS

THE PRICES AND OTHER TERMS WITH RESPECT TO THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE PURCHASER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. The District has no understanding with the Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Purchaser.

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

SECURITIES LAWS . . . No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

NEITHER THE SEC NOR ANY STATE COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MUNICIPAL BOND RATING AND INSURANCE

An application for a rating on the Bonds has been made to Moody's Investors Service, Inc. ("Moody's"). The District does not have a current underlying rating. An application has been made to qualify the Bonds for municipal bond insurance.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

- Description* Travis County Water Control and Improvement District No. 17 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A (the “Bonds”), in the aggregate principal amount of \$7,000,000 maturing as serial Bonds on November 1 in each of the years 2019 through and including 2042 unless certain maturities are bid as term Bonds in accordance with the Official Notice of Sale. See “THE BONDS – Description.”
- Redemption* Bonds maturing on and after November 1, 2025, are subject to redemption prior to maturity at the option of Travis County Water Control and Improvement District No. 17 (the “District”) in whole or from time to time in part in integral multiples of \$5,000 on November 1, 2024, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. Additionally, any Bonds designated as term Bonds may be subject to mandatory redemption. See “THE BONDS – Redemption Provisions.”
- Use of Proceeds* Proceeds of the Bonds will be used to finance (i) water and wastewater and drainage facilities for Serene Hills 1A and 1B, (ii) engineering fees, (iii) water and wastewater impact fees, (iv) land costs, (v) approximately 12 months of capitalized interest, (vi) developer interest and (vii) the costs associated with the issuance of the Bond. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- Authority for Issuance* The Bonds are issued pursuant to an order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the “Bond Order”), an Order of the Texas Commission on Environmental Quality, an election held within the District on May 10, 2008, Article 16, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 51, Texas Water Code, as amended. See “INVESTMENT CONSIDERATIONS” and “THE BONDS – Authority for Issuance.”
- Source and Security for Payment* Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property within the Serene Hills Defined Area within the District. The Bonds are not secured by any other source including other taxable improvements located within the District but outside the Serene Hills Defined Area. The Bonds are special limited obligations of the District and are not obligations of the Cities of Austin, Lakeway or Bee Cave, Travis County, Texas, the State of Texas or any entity other than the District. See “THE BONDS – Source of Payment.”
- Municipal Bond Rating and Municipal Bond Insurance* An application for a rating on the Bonds has been made to Moody’s Investors Service, Inc. (“Moody’s”). The District does not have a current underlying rating. An application has been made to qualify the Bonds for municipal bond insurance.
- Bond Counsel* McCall, Parkhurst & Horton L.L.P., Austin, Texas.
- Financial Advisor* Specialized Public Finance Inc., Austin, Texas.
- Paying Agent/Registrar* The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.
- Investment Considerations* THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

THE DISTRICT

Description The District was created on December 8, 1958 by order of the Travis County Commissioners Court and confirmed by the District voters on February 28, 1959. At creation, the District encompassed approximately 4,500 acres of land. Subsequent annexations have increased the size of the District to approximately 15,000 acres. The Serene Hills Defined Area is comprised of approximately 456 acres located entirely within the District. See “THE DISTRICT.”

Location The District is located approximately 20 miles west of the City of Austin in Travis County, Texas. Ranch Road 620 bisects the District. Approximately 456 acres within the District are referred to herein as the “Serene Hills Defined Area.” All 456 acres within the Serene Hills Defined Area, lie wholly within the corporate limits of the City of Lakeway, Texas. All of the acreage within the Serene Hills Defined Area lies within the Lake Travis Independent School District. See “THE SERENE HILLS DEFINED AREA.”

Serene Hills Defined

Area The Board of Directors of the District adopted a plan in January of 2008, to provide water, wastewater and drainage services to the Serene Hills Defined Area. On May 10, 2008, the voters in the District approved (1) the designation of the Serene Hills Defined Area; (2) \$55,000,000 aggregate principal amount of unlimited tax bonds for the Serene Hills Defined Area; and (3) the levy of an unlimited ad valorem tax upon the taxable property located within the Serene Hills Defined Area to pay such bonds. The Bonds are secured solely by an unlimited ad valorem tax levied upon all taxable property located within the Serene Hills Defined Area. Such tax will be levied in addition to the taxes levied by the District on all taxable property in the District. The Serene Hills Defined Area lies wholly within the corporate limits of the City of Lakeway, Texas and wholly within the Lake Travis Independent School District. See “THE SERENE HILLS DEFINED AREA,” and “SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS – Estimated Overlapping Taxes.”

The Serene Hills Defined Area is comprised of approximately 456 acres of the master planned community known as Serene Hills. The Serene Hills Defined Area is north of Highway 71, approximately 3.5 miles west of the intersection of Highway 71 and RM 620.

Development Within the Serene Hills Defined

Area To date, water, wastewater and drainage facilities have been completed to serve 273 single-family lots within the Serene Hills Defined Area, including sections 2E, 3E, 3WA, 3WB and 2W. Water, wastewater and drainage facilities are currently planned for another 20 single-family lots on 62 acres. Water, wastewater and drainage facilities have also been completed for 350 multi-family units on approximately 34 acres and for an approximately 25,000 square foot medical and office building. Commercial office space and retail pads are planned on 8 remaining acres zoned for commercial-retail, while another 30 acres is planned for commercial-retail development. See “THE SERENE HILLS DEFINED AREA.”

The Developer..... Land in the Serene Hills Defined Area is being developed as the master planned community known as Serene Hills by Serene Hills, Ltd., a Texas Limited Partnership. The general partner of the Texas Limited Partnership is ES-DH Serene, LLC, a Delaware limited liability company formed specifically for the purpose of purchasing and developing Serene Hills. See “THE DEVELOPER.”

Payment Record..... The District has previously issued \$4,450,000 Serene Hills Defined Area Unlimited Tax Bonds, Series 2015 and \$4,125,000 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017. The District has never defaulted on the payment of its outstanding debt.

Overlapping District

Taxes..... The Serene Hills Defined Area lies wholly within the boundaries of the District and is subject to taxes levied by the District for District-wide maintenance and operation purposes and to pay debt incurred by the District to serve other areas of the District. For the 2016 tax year, the District levied a total tax rate of \$0.0559 per \$100 of assessed valuation on all taxable property located within the District for maintenance and operation purposes and a maintenance and operation tax rate of \$0.6250 per \$100 of assessed valuation on all taxable property located within the Serene Hills Defined Area. Tax rates for the 2017 tax year have not yet been adopted. The District has no outstanding tax-supported debt for District-wide purposes and, consequently, levies no District-wide tax for debt service. See “SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS – Estimated Overlapping Taxes.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2014 Certified Taxable Assessed Valuation of the Serene Hills Defined Area (100% of Market Value)	\$ 24,942,817 ^(a)
2015 Certified Taxable Assessed Valuation of the Serene Hills Defined Area (100% of Market Value)	\$ 57,268,992 ^(a)
2016 Certified Taxable Assessed Valuation of the Serene Hills Defined Area (100% of Market Value)	\$ 106,849,270 ^(a)
2017 Estimated Taxable Assessed Valuation of the Serene Hills Defined Area (as of January 1, 2017)	\$ 134,414,982 ^(a)
Gross Direct Long-Term Debt Outstanding of the Serene Hills Defined Area	\$ 15,575,000 ^(b)
Estimated Overlapping Debt of the Serene Hills Defined Area	<u>2,114,877 ^(c)</u>
Gross Direct Long-Term Debt and Estimated Overlapping Debt	\$ 17,689,877
Ratio of Gross Direct Long-Term Debt Outstanding of the Serene Hills Defined Area to: 2017 Estimated Taxable Assessed Valuation of the Serene Hills Defined Area	11.59%
Ratio of Gross Direct Long-Term Debt Outstanding of the Serene Hills Defined Area to: 2016 Certified Taxable Assessed Valuation of the Serene Hills Defined Area	14.58%
Ratio of Gross Long-Term Debt of the Serene Hills Defined Area and Estimated Overlapping Debt to: 2016 Certified Taxable Assessed Valuation of the Serene Hills Defined Area	16.56%
Average Annual Debt Service Requirement (2017-2043)	\$ 958,467 ^(b)
Maximum Annual Debt Service Requirement (2041)	\$ 1,110,163 ^(b)
2016 District-Wide Maintenance Tax Rate	\$ 0.0599 ^(d)
2016 Serene Hills Defined Area Total Tax Rate	<u>0.6250</u>
Total	\$ 0.6849
Tax Rate Required to Pay Average Annual Debt Service (2017-2043) at 98% Collection Rate Based Upon the 2016 Certified Taxable Assessed Valuation of the Serene Hills Defined Area	\$ 0.9154 ^(b)
Tax Rate Required to Pay Maximum Annual Debt Service (2041) at 98% Collection Rate Based Upon the 2016 Certified Taxable Assessed Valuation of the Serene Hills Defined Area	\$ 1.0601 ^(b)
Status of Development within Serene Hills Defined Area as of June 6, 2017:	
Total Completed Homes	110
Completed Multi-Family Units	350
Homes Under Construction	17
Vacant Developed Lots	146
Undeveloped Acreage (developable)	62 ^(e)
Estimated Population	1,547 ^(f)

(a) Source: Travis Central Appraisal District.

(b) Projected; includes the Bonds. See "SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS."

(c) The Serene Hills Defined Area is located wholly within the District and is subject to the levy of (i) taxes by the District to serve areas outside the Serene Hills Defined Area, (ii) taxes to serve the Serene Hills Defined Area, and (iii) taxes levied by other taxing entities. See "SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt."

(d) The District is currently authorized to levy a District-wide maintenance and operation tax up to \$0.0600 per \$100 valuation.

(e) Includes 46 acres currently under development.

(f) Based upon 3.5 residents per completed single-family residence and multi-family unit.

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PRELIMINARY OFFICIAL STATEMENT

\$7,000,000

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17

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

SERENE HILLS DEFINED AREA

UNLIMITED TAX BONDS, SERIES 2017A

This Official Statement provides certain information in connection with the issuance by Travis County Water Control and Improvement District No. 17 (the "District") of its \$7,000,000 Serene Hills Defined Area Unlimited Tax Bonds, Series 2017A (the "Bonds"). The Bonds are issued pursuant to Article 16, Section 59 of the Texas Constitution, the general laws of the State of Texas ("Texas" or the "State"), including Chapters 49 and 51, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board") and an order of the Texas Commission on Environmental Quality ("TCEQ"), formerly the Texas Natural Resources Conservation Commission ("TNRCC").

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

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

THE BONDS

DESCRIPTION . . . The Bonds are in the aggregate principal amount of \$7,000,000 maturing as serial Bonds on November 1 in each of the years 2018 through and including 2041 in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds will be dated September 26, 2017 and interest will accrue from the Date of Initial Delivery, which will be made on or about September 26, 2017, and will be payable on May 1, 2017 and on each November 1 and May 1 thereafter until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued pursuant to the Bond Order, in fully registered form only, in denominations of \$5,000 principal amount or any integral multiple thereof and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "– Book-Entry-Only System" below.

PURPOSE . . . Proceeds of the Bonds will be used to finance: (i) water and wastewater and drainage facilities for Serene Hills sections 1A and 1B, (ii) engineering fees, (iii) water and wastewater impact fees, (iv) land costs, (v) approximately 12 months of capitalized interest, (vi) developer interest and (vii) the costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

DEFEASANCE . . . *General.* The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of the Bond Order, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the District to retain the right to call Defeased Bonds to be paid at maturity, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (a) lawful money of the United States of America sufficient to make such payment, (b) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, with reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (c) any combination of (a) and (b). At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Federal Securities.

The deposit shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given, in accordance with the Bond Order. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company

may at the discretion of the Board of Directors also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times set forth in the Bond Order and all income from such Defeasance Securities received by the Paying Agent/Registrar or a commercial bank or trust company that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the Board of Directors.

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

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

Retention of Rights . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

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

For the purposes of these provisions, “Defeasance Securities” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (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.

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

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Purchaser take any responsibility for the accuracy thereof.

SOURCE OF PAYMENT . . . The Bonds are payable as to principal and interest from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property within the Serene Hills Defined Area within the District. The District covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax, against all taxable property within the Serene Hills Defined Area at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as they become due, to provide a sinking fund for the paying of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the Serene Hills Defined Area within the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its “Debt Service Fund” for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if a city dissolves the District and assumes all debts and liabilities of the District. See “– Annexation” below.

The Bonds are special limited obligations of the District secured solely by an annual ad valorem tax levied on property located within the Serene Hills Defined Area within the District (and no other portion of the District) and are not the obligations of the State of Texas; Travis County, Texas; the Cities of Austin, Lakeway, or Bee Cave, Texas; or any entity other than the District as described herein.

REDEMPTION PROVISIONS . . . *Optional Redemption.* Bonds maturing on and after November 1, 2025 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, in integral multiples of \$5,000 on November 1, 2024, or any date thereafter, at a price of par value plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of such Bonds are redeemed at any time, the maturities of such Bonds to be redeemed shall be selected by the District. The Paying Agent/Registrar (or DTC while the Bonds are in book-entry-only form) shall determine by lot or other customary random method the Bonds, or portion thereof, within such maturity to be redeemed.

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

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

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

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Bond Order, Article 16, Section 59 of the Texas Constitution, general laws of the State of Texas, including Chapters 49 and 51 of the Texas Water Code, and an Order of the TCEQ, and the election held within the District on May 10, 2008 (the “Election”).

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

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

denominations and of the same maturity and aggregate principal amount and accruing interest at the same rate as the Bond or Bonds so presented.

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

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

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

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

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

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

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

ISSUANCE OF ADDITIONAL DEBT . . . The voters within the District and the Serene Hills Defined Area have authorized the issuance of \$55,000,000 of unlimited tax bonds for new money water, wastewater and drainage purposes to serve the Serene Hills Defined Area pursuant to elections conducted within the District and within the Serene Hills Defined Area. After issuance of the Bonds, the District will have \$39,425,000 of unlimited tax bonds authorized but unissued for new money water and wastewater projects for the Serene Hills Defined Area. Additionally, voters within the District and the Serene Hills Defined Area also approved the issuance from time to time of up to \$140,000,000 aggregate principal amount of refunding bonds for the Serene Hills Defined Area.

In addition to the authorized but unissued unlimited tax bonds for the Serene Hills Defined Area, the District may issue bonds necessary to provide those improvements and facilities for which the District was created, with the approval of the Texas Commission on Environmental Quality (the "TCEQ") and, in the case of bonds payable from taxes, the District's voters. In addition, voters may authorize the issuance of additional bonds or certain contractual obligations secured by ad valorem taxes. The District also has the right to issue revenue bonds, revenue notes, special project bonds, bond anticipation notes and tax anticipation notes without the necessity of voter approval. The District further has authority under Texas law to issue refunding bonds to refund any of its outstanding obligations. Neither Texas law nor the Bond Order can impose a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security for the Bonds.

ANNEXATION . . . The District lies within the extraterritorial jurisdiction and some limited purpose areas of the City of Austin, the extraterritorial jurisdiction or corporate limits of the City of Lakeway, and the extraterritorial jurisdiction or corporate limits of the City of Bee Cave, with all of the Serene Hills Defined Area lying within the city limits of the City of Lakeway. Under Texas law, when a utility district lies within the extraterritorial jurisdiction of two or more cities, any of such cities may annex that portion of the utility district lying within its extraterritorial jurisdiction without dissolving the utility district. At such time as each of the cities has annexed that portion of the utility district within its extraterritorial jurisdiction, the cities may, but are not required to, dissolve the utility district and distribute among them the assets and liabilities of the utility district. Such distribution must be done pro rata, based on the ratio that the value of property and other assets distributed bears to the total value of all the property and other assets of the utility district. Annexation of land by a city is a policy-making matter within the discretion of the Mayor and City Council

and therefore the District makes no representation that either the Cities of Austin, Lakeway, or Bee Cave will, in the future, annex any part of the District or whether such cities will ever assume its debt. Moreover, no representation is made concerning the ability of the City of Austin, the City of Lakeway or the City of Bee Cave to make debt service payments should annexation and dissolution of the District occur.

CONSOLIDATION . . . A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

ALTERATION OF BOUNDARIES . . . In certain circumstances, under Texas law the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities or upon petition by a landowner filed prior to August 31, 2007 for property within the District greater than 28 years. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

Additionally, pursuant to Section 51.534, Texas Water Code, as amended, the District is authorized to annex additional land into a defined area such as Serene Hills Defined Area.

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

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

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. The Bonds are not secured by an interest in any improvements or any other property of the District. Under Texas law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. The Registered Owners themselves cannot foreclose on property within the District or sell property within the District in order to pay principal of or interest on the Bonds. In addition, the enforceability of the rights and remedies of the Registered Owners may be delayed, reduced or otherwise affected or limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of a political subdivision or by a state statute reasonably required to attain an important public purpose. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies" and "– Bankruptcy Limitation to Registered Owners' Rights."

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Water Code, bonds, notes or other obligations issued by a water control and improvement district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of Texas, and all agencies, subdivisions, and instrumentalities of Texas, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Water Code provides that bonds, notes or other obligations issued by a water control and improvement district are eligible and lawful security for all deposits of public funds of Texas and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

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

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

SPECIFIC TAX COVENANTS . . . In the Bond Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the facilities refinanced therewith by persons other than state or local governmental units, and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received

a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or in compliance with such covenant which adversely affects the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

AMENDMENTS TO BOND ORDER . . . The District may without the consent of or notice to any Registered Owner amend the Bond Order in any manner not detrimental to the interest of the Registered Owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may in the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

THE SERENE HILLS DEFINED AREA

DESCRIPTION . . . The Serene Hills Defined Area encompasses approximately 456 acres within the master planned community known as Serene Hills, now being developed by Serene Hills, Ltd. The Serene Hills Defined Area is north of Highway 71, approximately 3.5 miles west of the intersection of Highway 71 and RM 620. The majority of this acreage is located within canyon and other natural drainage areas. The ultimate build-out, as currently planned, should contain at least 338 single-family residential homes in addition to multi-family residential development, and commercial, office and retail uses.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs included herein were compiled by River City Engineering, Inc., the District’s engineer (the “Engineer”), and Jones-Heroy Engineering, the Developer’s bond and regulatory consultant, and were submitted to the TCEQ in the District’s Bond Application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

	COST PAID BY DISTRICT
I. CONSTRUCTION COSTS	
A. Developer Contribution Items:	
1. Serene Hills 1A & 1B	\$ 1,142,802
2. Engineering (28.6% of Item 1).....	369,156
3. SWPPP (For Item 1).....	6,374
4. Legal Construction Cost (For Item 1)	<u>16,615</u>
Total Developer Contribution Items.....	\$ 1,534,947
B. District Items:	
1. Water & Wastewater Impact Fees-Western Rim.....	\$ 3,502,800
2. Water & Wastewater Lines Relocation Agreement.....	150,000
3. Water Quality Ponds Land Cost.....	<u>507,903</u>
Total District Items	\$ 4,160,703
TOTAL CONSTRUCTION COSTS (81.40% of BIR)	\$ 5,695,650
II. NON-CONSTRUCTION COSTS	
A. Legal Fees (1.00%)	\$ 70,000
B. Fiscal Agent Fees (1.25%)	87,500
C. Interest:	
1. Capitalized Interest (12 months at 4.5%)	315,000
2. Developer Interest	501,019
D. Bond Discount (3%).....	210,000
E. Bond Issuance Expenses	36,331
F. Bond Application Report Costs.....	60,000
G. TCEQ Fee (0.25% of BIR).....	17,500
H. Attorney General Fees (0.1%).....	7,000
I. Contingency	<u>0</u>
Total Non-Construction Costs.....	\$ 1,304,350
TOTAL BOND ISSUE REQUIREMENT	\$ 7,000,000

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THE DISTRICT

AUTHORITY . . . The District is a water control and improvement district created by an order of the Commissioner’s Court of Travis County, Texas on December 8, 1958 and confirmed by the voters within the District at an election held on February 28, 1959.

The District is a political subdivision of Texas with the rights, powers, privileges, and authority established by the general laws of the State of Texas, including particularly Chapters 49 and 51 of the Texas Water Code.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation and treatment of wastewater, and the control and diversion of storm water. The District issues bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District’s water, wastewater and storm drainage system is subject to the regulatory jurisdiction of federal and state governmental agencies.

DESCRIPTION . . . At creation, the District encompassed approximately 4,500 acres of land. Subsequent annexations have increased the size of the District to approximately 15,000 acres. The District is located west of the City of Austin in Travis County, Texas. Ranch Road 620 bisects the District.

MANAGEMENT OF THE DISTRICT . . . The District is governed by the Board of Directors, consisting of five Directors, who have control over management and supervision of all affairs of the District. All of the directors reside within the District. The directors serve four-year staggered terms. Elections are held in May. The current members and officers of the Board, along with their occupations, are listed below:

<u>Name</u>	<u>Title</u>	<u>Occupation</u>	<u>Term Expires</u>
Jeff Roberts	President	Contracts Executive	2020
Mickey Decker	Vice President	Business Owner	2018
Jerri Lynn Ward	Secretary	Attorney	2020
Rob Carruthers	Assistant Secretary	Project Manager	2018
David Lewis Steed	Director	Environmental Consultant/Retired	2018

GENERAL MANAGER AND STAFF . . . Jason Homan was named General Manager of the District in April of 2017. District Field Supervisor Henry Marley and Office Manager/Accountant Leslie Terrell assist Mr. Homan. There are currently 44 field staff and 10 office staff members.

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

Tax Appraisal. The Travis Central Appraisal District (“Appraisal District”) has the responsibility of appraising all property within the District.

Auditor. The firm of McCall Gibson Swedlund Barfoot PLLC is currently the District’s independent auditor. Such firm was hired to audit the financial statements for the fiscal year ending September 30, 2016 which audit is attached. See “APPENDIX A – Financial Statement of the District for the Year Ended September 30, 2016.”

Tax Assessor/Collector. The District has engaged the Travis County Tax Assessor and Collector (the “Tax Collector”), to collect its ad valorem taxes. The District also has contracted with the Tax Collector to collect the special tax to be levied against property located within the Serene Hills Defined Area.

Engineer. The District’s consulting engineer is River City Engineering (“Engineer”). Jones-Heroy Engineering has been engaged by the Developer to advise on bond and regulatory issues.

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

General Counsel. General Counsel to the District is Lloyd Gosselink Rochelle and Townsend, P.C., Attorneys at Law.

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

DISTRICT SYSTEM . . . The District provides water, wastewater and drainage service. The District now provides water service to approximately 11,121 accounts (16,236 living unit equivalents (“LUEs”)) and wastewater to approximately 6,505 connections.

The District’s water production and distribution system, sanitary sewer collection and treatment and storm water systems have been designed in accordance with the criteria of various regulatory agencies including Travis County, the City of Austin and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity.

The District obtains water from Lake Travis pursuant to a contract with the Lower Colorado River Authority which has been renewed for 50 years to 2051. The contract authorizes withdrawal of up to 8,800 acre-feet per year, or an average of 7.85 million gallons per day. The raw water contract is sufficient to serve 22,000 LUEs.

The District’s existing water treatment facilities are sufficient to serve approximately 18,000 LUEs (i.e. treat approximately 16.0 million gallons per day of water) and the District currently is serving approximately 11,121 accounts (16,236 single-family LUEs). The remaining capacity in the water supply facilities are available to all potential customers within the District, including those within the Serene Hills Defined Area, on a first come first served basis. See “THE SERENE HILLS DEFINED AREA SYSTEM.”

As growth occurs in and around the District, and upon the request of landowners and voters within the District, the District may designate additional defined areas to provide water, wastewater and drainage to growth areas.

For more information about the Serene Hills Defined Area System, see “THE SERENE HILLS DEFINED AREA SYSTEM.”

STEINER RANCH DEFINED AREA . . . On December 8, 1958, the District created the Steiner Ranch Defined Area. The Steiner Ranch Defined Area is comprised of approximately 4,075 acres of the master planned community known as Steiner Ranch. Steiner Ranch consists of approximately 4,650 acres of land, including approximately 405 acres (325 acres located within the Steiner Ranch Defined Area) which have been annexed into the City of Austin for limited purposes. The voters within the District and the Steiner Ranch Defined Area have authorized the issuance of \$118,500,000 of Unlimited Tax Bonds for new money water and wastewater purposes to serve the Steiner Ranch Defined Area pursuant to elections conducted within the District and within the Steiner Ranch Defined Area. All such voted authorization has been issued and as of June 1, 2017 \$73,422,593 remained outstanding.

COMANCHE TRAIL DEFINED AREA . . . On July 22, 1993, the District created the Comanche Trail Defined Area encompassing approximately 645 acres. The District has issued a single issue \$1,090,000 Travis County Water Control and Improvement District No. 17 Comanche Trail Defined Area Unlimited Tax Bond, Series 1995 to provide water service to the Comanche Trail Defined Area within the District. The Comanche Trail Defined Area has no remaining voted bond authority, but could elect to vote additional authority at some future date. As of June 1, 2017, all Comanche Trail Defined Area bonds have been retired.

FLINTROCK RANCH ESTATES DEFINED AREA . . . In May of 2000, the District created the Flintrock Ranch Estates Defined Area. The development encompasses 380 acres, and is a golf course/residential community consisting primarily of single-family estate homes. At full build-out, this project will be comprised of approximately 405 single-family homes, including approximately 66 single-family villa homesites. At present, there are approximately 220 occupied single-family homes and villas with streets and utilities completed which could accommodate 160 additional homes. The main developer is HPK Ventures, Ltd. and the lot developer is Flintrock Ltd. (Five Star Development Company). The golf course developer is Clubcorp of America. Flintrock residents will have both water and wastewater service provided by the District. \$24,200,000 in bonds have been authorized by voters for this project, of which \$20,055,000 has been issued, and of which \$18,235,000 remained outstanding as of June 1, 2017. The District has \$4,145,000 remaining of authorized but unissued bond authorization for such defined area. The District has no plans at present to issue the remaining authorized but unissued bonds.

SERENE HILLS DEFINED AREA . . . In January of 2008, the District created the Serene Hills Defined Area encompassing approximately 456 acres. The Serene Hills Defined Area is north of Highway 71, approximately 3.5 miles west of the intersection of Highway 71 and RM 620. \$55,000,000 in bonds were authorized for this defined area by the voters in a May 2008 election. The District has issued two series of bonds for the Serene Hills Defined Area totaling \$15,575,000 (all of which remained outstanding as of June 1, 2017) and is in the process of issuing the Bonds described herein.

SERVICE TO AREA OUTSIDE THE DISTRICT . . . In December of 1997, the District purchased the Apache Shores Utility Company and took over the certificate of convenience and necessity to provide service to the 570 existing customers in the Apache Shores subdivision which is located outside the boundaries of the District. The Apache Shores ground water system was highly substandard, thus the water quality did not meet TCEQ requirements, and the quantity was insufficient to serve the number of customers. In April 1998, the District made the first connection of the District surface water system to Apache Shores and by September 1998, the system was fully connected. The initial Apache Shores improvements were funded by contract revenue bonds in the aggregate principal amount of \$2,100,000 issued by the District and purchased by the Texas Water Development Board, of which \$1,120,000 remained outstanding as of June 1, 2017. The Apache Shores system has now been brought up to TCEQ standards and has in excess of 1,100 accounts.

The Apache Shores Subdivision is operated as a separate certificated area, and is not within the boundaries of the District.

The District owns and operates the River Ridge Water System located in Travis County, Texas adjacent to, but outside of, the District's boundaries and service area. Prior to the District's acquisition, the River Ridge Water System was a privately-owned system consisting of approximately 180 connections placed under receivership by the TCEQ. The District executed a purchase contract with the receiver transferring ownership of the system to the District upon approval by the TCEQ. The District filed a Sales, Transfer, and Merger Application requesting approval of transfer of the system to the District with the TCEQ which closed December 12, 2002, and the District now owns and operates this system. The District has issued revenue bonds in the aggregate principal amount of \$1,100,000 which were purchased by the Texas Water Development Board to make needed improvements to the River Ridge Water System. As of June 1, 2017, \$755,000 remained outstanding on this bond issue. These improvements were completed in November 2005.

THE DEVELOPER

GENERAL . . . Land in the Serene Hills Defined Area is being developed as the master planned community known as Serene Hills by Serene Hills, Ltd., a Texas Limited Partnership. The general partner of the Texas Limited Partnership is ES-DH Serene, LLC, a Delaware limited liability company formed specifically for the purpose of purchasing and developing Serene Hills.

Acquisition and development of single-family residential property within Serene Hills has been provided by capital contributions made to the Developer. Currently there are no loans existing on the property, or project. Capital contributions of approximately \$26,000,000 were utilized for the purchase and development funding for the project.

According to representatives of the Developer, it finances its development activities from capital contributions from its partners.

THE HOMEBUILDERS

ACTIVE BUILDERS . . . Custom home builders in Serene Hills include Eppright Custom Homes, Texas Custom Construction, Matt Sitra Custom Homes, Masters Touch Custom Homes and Seven Custom Homes. Their homes range in price from \$850,000 to \$3,000,000. Ron McGuire Custom Homes is a new builder for custom homes in Serene Hills. Semi-custom home builders including Sitterle Homes, Brohn Homes, Village Builders (Lennar Homes), Partners in Building and Ash Creek Homes are building homes in Serene Hills which range in price from approximately \$575,000 to \$1,200,000.

As of June 6, 2017, the Serene Hills Defined Area has:

Completed Homes:	110
Homes Under Construction:	17
Vacant Developed Lots:	146

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THE SERENE HILLS DEFINED AREA SYSTEM

REGULATION . . . According to the District’s consulting engineer, the District’s water production and distribution system, sanitary sewer collection and treatment and storm water system serving the Serene Hills Defined Area (“System”) have been designed in accordance with the criteria of various regulatory agencies including Travis County, Texas, the City of Austin, Texas, and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity.

WATER SUPPLY . . . The District obtains water from Lake Travis pursuant to a contract dated May 23, 2001 with the Lower Colorado River Authority (“LCRA”). The contract, which expires on May 23, 2051, authorizes withdrawal of up to 8,800 acre-feet per year, or an average of 7.85 million gallons per day (“mgd”). The District’s existing water treatment facilities in addition to the treatment plant under construction are sufficient to serve approximately 22,000 LUEs and the District currently is serving approximately 11,121 accounts (16,236 LUEs). The remaining capacity in the water supply facilities are available to all potential customers within the District, including those within the Serene Hills Defined Area, on a first come first served basis.

Water transmission lines have been completed to deliver treated water from the District’s existing facilities to the existing lots within the Serene Hills Defined Area.

In 2012, the District issued its \$23,915,000 Water and Sewer System Revenue Bonds, Series 2012, for the purpose of constructing a new water treatment plant that will provide water to the Serene Hills Defined Area. Construction began on the new water treatment plant in January 2014 and was completed in early 2016. This first phase will have a treatment capacity of 6.0 MGD, and brings the District’s total treatment capacity to 22.0 MGD.

WASTEWATER TREATMENT . . . Wastewater treatment service for customers in the Serene Hills Defined Area is provided by a 500,000 gallon per day (“gpd”) wastewater treatment plant located in the Flintrock Ranch Defined Area and owned and operated by the District. Current wastewater flows account for approximately 55% of this capacity. According to the Engineer, the capacity of such plant is sufficient to serve approximately 2,000 LUEs, of which the Serene Hills Defined Area represents less than 200 LUEs currently.

Sanitary sewer lines have been completed to serve the developed lots within Serene Hills Defined Area.

STORM DRAINAGE . . . Storm sewers have been constructed to serve all of the developed lots. In addition, outfall drainage structures and retention facilities have been constructed to serve such property.

According to the Engineer, none of the land proposed for development within the Serene Hills Defined Area, excepting drainage structures, lies within the 100-year flood plain, according to current flood insurance rate maps.

EXEMPTIONS . . . The District has adopted a residential homestead exemption of 10% of the assessed value or \$5,000 whichever is greater and an exemption for persons 65 years or older or disabled persons of \$10,300. The Serene Hills Defined Area has not adopted any additional or separate exemptions.

Portions of the land owned by the Developer are undeveloped and are valued for ad valorem tax purposes on the basis of their agricultural productivity (qualified open-space land), which would be a small fraction of their fair market value.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256 of the Texas Government Code, as amended) (the “PFIA”) (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits, or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meet the requirements of the PFIA; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the District, held in the District’s name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State primary government securities dealer or a financial institution doing business in the State; (9) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully

secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

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

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

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

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

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

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

service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

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

CURRENT INVESTMENTS . . . The District’s investment goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Funds of the District are invested either in short term U.S. Treasuries or certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio. As of March 1, 2017 the District’s funds were invested in the following:

<u>Account</u>	<u>Amount</u>	<u>Percent</u>
Compass Bank	\$ 4,296,604	8.25%
Plains Capital Bank	22,059	0.04%
TexSTAR	47,751,221	91.71%
TexPool	941	0.00%
	<u>\$ 52,070,826</u>	<u>100.00%</u>

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PRO-FORMA SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Serene Hills Defined Area Bonds			The Bonds ^(a)			Total Serene Hills Defined Area Debt Service Requirements
	Principal	Interest	Total	Principal	Principal	Total	
	2017	\$ -	\$ 163,423	\$ 163,423	\$ -	\$ -	
2018	85,000	370,208	455,208	-	236,250	236,250	691,458
2019	185,000	318,100	503,100	-	315,000	315,000	818,100
2020	195,000	313,206	508,206	165,000	311,288	476,288	984,494
2021	210,000	307,750	517,750	175,000	303,638	478,638	996,388
2022	220,000	301,755	521,755	180,000	295,650	475,650	997,405
2023	230,000	295,341	525,341	190,000	287,325	477,325	1,002,666
2024	245,000	288,270	533,270	200,000	278,550	478,550	1,011,820
2025	255,000	280,428	535,428	210,000	269,325	479,325	1,014,753
2026	270,000	271,833	541,833	215,000	259,763	474,763	1,016,595
2027	285,000	262,258	547,258	225,000	249,863	474,863	1,022,120
2028	300,000	251,655	551,655	240,000	239,400	479,400	1,031,055
2029	315,000	240,208	555,208	250,000	228,375	478,375	1,033,583
2030	335,000	227,824	562,824	260,000	216,900	476,900	1,039,724
2031	350,000	214,528	564,528	270,000	204,975	474,975	1,039,503
2032	375,000	200,213	575,213	285,000	192,488	477,488	1,052,700
2033	395,000	184,813	579,813	295,000	179,438	474,438	1,054,250
2034	415,000	168,613	583,613	310,000	165,825	475,825	1,059,438
2035	435,000	151,613	586,613	325,000	151,538	476,538	1,063,150
2036	460,000	133,713	593,713	340,000	136,575	476,575	1,070,288
2037	485,000	114,703	599,703	355,000	120,938	475,938	1,075,640
2038	520,000	94,375	614,375	375,000	104,513	479,513	1,093,888
2039	545,000	72,648	617,648	390,000	87,300	477,300	1,094,948
2040	575,000	49,419	624,419	410,000	69,300	479,300	1,103,719
2041	610,000	24,650	634,650	425,000	50,513	475,513	1,110,163
2042	280,000	5,950	285,950	445,000	30,938	475,938	761,888
2043	-	-	-	465,000	10,463	475,463	475,463
	<u>\$ 8,575,000</u>	<u>\$ 5,307,491</u>	<u>\$ 13,882,491</u>	<u>\$ 7,000,000</u>	<u>\$ 4,996,125</u>	<u>\$ 11,996,125</u>	<u>\$ 25,878,616</u>

(a) Interest calculated at a true interest cost of 4.50% for purposes of illustration. Preliminary, subject to change.

TAX RATE CALCULATIONS . . . The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet the debt service requirements on the Bonds and the Outstanding Serene Hills Defined Area Bonds if no growth in the District's tax base within the Serene Hills Defined Area occurs beyond the 2016 Assessed Valuation and 2016 Certified Valuation. The calculations assume collection of 98% of taxes levied.

Average Annual Debt Service Requirements (2017-2043)	\$ 958,467
Tax Rate of \$0.9154 on the 2016 Certified Assessed Valuation produces (98% collections).....	\$ 958,536
Maximum Annual Debt Service Requirements (2041)	\$ 1,110,163
Tax Rate of \$1.0601 on the 2016 Certified Assessed Valuation produces (98% collections).....	\$ 1,110,055

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

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Estimated Overlapping Percent</u>	<u>Overlapping Amount</u>
Travis County	\$ 684,531,179	6-1-17	0.04%	\$ 273,812
Lake Travis ISD	222,725,000	6-1-17	0.73%	1,625,893
Travis County ESD #6	3,795,000	6-1-17	0.46%	17,457
City of Lakeway	11,875,000	6-1-17	1.63%	193,563
Travis County Health Care District	10,380,000	6-1-17	0.04%	4,152
Serene Hills Defined Area ^(a)	15,575,000	6-1-17	100.00%	15,575,000
Total Direct and Estimated Overlapping Debt				\$ 17,689,877
Less: Serene Hills Defined Area Interest and Sinking Fund Balance as of September 30, 2016				558,102
Net Direct Long-Term and Estimated Overlapping Debt				\$ 17,131,775

Net Direct Long-Term and Estimated Overlapping Debt as a Percentage of:
 2016 Certified Taxable Assessed Value of \$106,849,270..... 16.03%

Net Direct Debt as a Percentage of:
 2017 Estimated Taxable Assessed Value of \$134,414,982..... 11.59%

(a) Secured solely by ad valorem taxes levied on taxable property located in the Serene Hills Defined Area; includes the Bonds.

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. All the land located within the Serene Hills Defined Area lies within the District. The following chart includes the 2014, 2015 and 2016 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. Tax rates for the 2017 tax year have not yet been set.

<u>TAXING JURISDICTION</u>	<u>2014 TAX RATES</u>	<u>2015 TAX RATES</u>	<u>2016 TAX RATES</u>
The District ^(a)	\$ 0.7075	\$ 0.7085	\$ 0.6849
Travis County	0.4563	0.4169	0.3838
Lake Travis ISD	1.4075	1.4075	1.4075
City of Lakeway	0.1700	0.1700	0.1612
Travis County Healthcare District	0.1264	0.1178	0.1105
Emergency Services District #6	0.1000	0.1000	0.1000
Estimated Tax Bill	\$ 3.0721	\$ 2.9207	\$ 2.8479

(a) Total tax rate levied by the District on property located in the Serene Hills Defined Area.

TAX DATA

GENERAL . . . All taxable property within the Serene Hills Defined Area is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax levied, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. The District has in its Bond Order covenanted to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The District levied a maintenance and operation tax on the Serene Hills Defined Area Bonds for 2016 at a rate of \$0.6250 per \$100 assessed valuation, plus the District-wide tax maintenance tax rate of \$0.0599. Tax rates for the 2017 tax year have not yet been set.

DISTRICT TAXES . . . Serene Hills Defined Area Debt Service Tax: The District covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax on all property in the Serene Hills Defined Area adequate to provide funds to pay the principal of and interest on the Bonds. For 2016, the District levied debt service tax of \$0.2500 on Serene Hills Defined Area property.

Maintenance Tax: The voters within the Serene Hills Defined Area and the District approved the levy of a maintenance tax not to exceed \$0.65 in the Serene Hills Defined Area. On September 14, 2002, the voters within the District approved the levy of a District-wide maintenance tax in an amount not to exceed \$0.06 per \$100 valuation. For 2016, the District levied a District-wide \$0.0599 maintenance tax and a Serene Hills Defined Area maintenance tax of \$0.3750.

PRINCIPAL TAXPAYERS . . . The following table represents the principal taxpayers within the Serene Hills Defined Area, the taxable assessed value of such property, and such property’s assessed value as a percentage of the District’s 2016 Certified Taxable Assessed Valuation of \$106,849,270.

Name of Taxpayer	2016 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Western Rim Investors 2013-4 LP ^(a)	\$ 20,842,413	19.51%
Serene Hills Ltd. ^(b)	6,732,384	6.30%
HEB Grocery Company LP	3,690,874	3.45%
Lennear Homes of Texas Land	3,390,986	3.17%
Sitterle Homes-Austin LLC	2,783,775	2.61%
Ellisor, Gabriel L.	2,398,668	2.24%
Serene Hills Partners LP	2,311,468	2.16%
Ambitola LLC	1,920,000	1.80%
Matt Sitra Custom Homes Inc.	1,807,513	1.69%
Seven Custom Homes LLC	1,748,000	1.64%
	\$ 47,626,081	44.57%

(a) Represents owner of multi-family apartment units.

(b) Represents the Developer.

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TAXING PROCEDURES

AUTHORITY TO LEVY TAXES . . . The District is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the Serene Hills Defined Area within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Serene Hills Defined Area Bonds and any additional bonds payable from taxes which the District may hereafter issue (see “THE BONDS – Issuance of Additional Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of Payment.” Under Texas law, and if approved by the voters of the District, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations.

PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . . The Texas Property Tax Code (the “Property Tax Code”) establishes an appraisal district and an appraisal review board in each county of Texas. The appraisal district is governed by a board of directors which is elected by the governing bodies of cities, towns, and school districts that participate in the appraisal district and of the county and, if entitled to vote, conservation and reclamation districts such as the District. The Board of Directors of the appraisal district selects a chief appraiser to manage the appraisal offices of the appraisal district. All taxing units within Travis County, including the District, are included in the Appraisal District. The Appraisal District is responsible for appraising property within the District, subject to review by the Travis Central Appraisal Review Board. The appraisal roll as approved by the Travis Central Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . *General.* Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District is subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on the tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain non-profit cemeteries; farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into Texas and forwarded out of Texas within 175 days thereafter are also exempt. Property owned by a disabled veteran or by the spouse or certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran. Veterans who receive from a rating of 100% disabled (and their surviving spouses so long as they remain unmarried) are entitled to an exemption from taxation of the total appraised value of the veteran’s residential homestead. Also exempt, if approved by the Board or through a process of petition and referendum by the District’s voters, are residential homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or more. The District’s tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

Residential Homestead. The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt, then the Board may continue to levy and collect taxes against the exempted value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created.

Tax Abatement. The City of Austin, City of Bee Cave, City of Lakeway and Travis County may designate all or part of the area within the District as a reinvestment zone, and Travis County, Lake Travis Independent School District, the Lake Travis Independent School District, the District, and the Cities of Austin, Lakeway and Bee Cave, respectively, may thereafter enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

VALUATION OR PROPERTY FOR TAXATION . . . Generally, all taxable property in the District (other than any qualifying agricultural or timberland) must be appraised by the Appraisal District at 100% market value as of January 1 of each year, subject to review and approval by the Appraisal Review Board. However, houses held for sale by a developer or builder which remain unoccupied, are not leased or rented, and produce no income are required to be assessed at the price for which they would sell as a unit to a purchaser who would continue the owner’s business. Valuation of houses at inventory level in future years could reduce the assessed value of developer and builder house inventory within the District. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values at least once every three years.

The Property Tax Code permits land designated for agricultural use or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an

unqualified owner, the District can collect taxes based on the new use, including three years for agricultural use and five years for agricultural land and timberland, prior to the loss of the designation.

The chief appraiser must give written notice before the Appraisal Review Board meeting to an affected owner if a reappraisal has resulted in a recommended increase in value, if the appraiser will recommend an increase in value over the value rendered by the owner, or if property not previously included on the appraisal roll has been appraised. The Appraisal Review Board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice to the Appraisal Review Board may appeal the final determination by the Appraisal Review Board of the owner's protest by filing suit in Texas district court. Prior to such appeal, however, the owner must substantially comply with the requirements that it pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, but not to exceed the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the Appraisal Review Board, including the level of appraisal of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property.

LEVY OF TAXES . . . By September 1 of each year, or as soon thereafter as possible, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Unless the Board, or the qualified voters of the District or of Travis County at an election held for such purpose, determines to transfer the collection of taxes to the Appraisal District or another taxing unit, the District is responsible for the levy and collection of its taxes.

DISTRICT AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in Texas state district court within forty-five (45) days after notice is received that a final order has been entered. In such event the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

COLLECTION OF TAXES . . . Taxes are due on receipt of the tax bill and become delinquent after January 31 of the following year. However, a person over 65 is entitled by law to pay current taxes on his residential homestead in installments or to defer taxes without penalty during the time he owns and occupies the property as his residential homestead. The date of the delinquency may be postponed if the tax bills are mailed after January 10 of any year. The Board may legally approve a 3% discount for taxes paid in October, 2% for November and 1% for December. Delinquent taxes are subject to a 6% penalty for the first month of delinquency, 1% for each month thereafter to July 1, and 12% total if any taxes are unpaid on July 1. Delinquent taxes also accrue interest at the rate of 1% per month during the period they remain outstanding. In addition, where a district engages an attorney for collection of delinquent taxes, the Board may impose a further penalty not to exceed twenty percent 20% on all taxes unpaid on July 1.

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each state and local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "SERENE HILLS DEFINED AREA DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt" and "– Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six months of foreclosure unless the property is his residence homestead or designated for agricultural use, in which case the taxpayer may redeem the property within two years) or by bankruptcy proceedings which restrict the collection of taxpayer debts. Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations and Foreclosure Remedies."

Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

INVESTMENT CONSIDERATIONS

GENERAL . . . The Bonds are special limited obligations solely of the District and are not obligations of the Cities of Austin, Lakeway and Bee Cave, Travis County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied solely on taxable property within the Serene Hills Defined Area in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the Serene Hills Defined Area and the taxes levied by the District and other taxing authorities upon the property within the Serene Hills Defined Area. See "THE BONDS – Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the Serene Hills Defined Area will occur or that property in the Serene Hills Defined Area will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property. See "Registered Owners' Remedies" below.

FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . . A substantial percentage of the taxable value of the Serene Hills Defined Area results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of single family residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the Serene Hills Defined Area or could adversely impact existing values. Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Lenders have been selective in recent years in making real estate loans in the Austin area because of the negative impact to their real estate portfolios. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the Serene Hills Defined Area. Because of the numerous and changing factors affecting the availability of funds, the Serene Hills Defined Area is unable to assess the future availability of such funds for continued development and construction within the Serene Hills Defined Area. In addition, although located approximately 20 miles northeast from the central downtown business district of Austin, the success of development within the Serene Hills Defined Area and growth of Serene Hills Defined Area taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

Competition. The demand for and construction of single-family homes in the Serene Hills Defined Area, which is 20 miles from downtown Austin, could be affected by competition from other residential developments including other residential developments located in other utility districts in the vicinity of the District, many of which have a more mature development status. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for new homes proposed to be sold within the Serene Hills Defined Area.

The Serene Hills Defined Area is located within 10 miles of 3 other large developments. Lakeway is a 2,550 acre multi-use project located on Highway 620, 4 miles to the west of Serene Hills. Lakeway includes over 30 single-family residential subdivisions in which a total of over 3,500 single-family homes have been built along with additional commercial and retail space. Twin Creeks is a 760-acre project located about 3 miles south of Serene Hills off Ranch Road 620. Twin Creeks is a 760-acre development with approximately 1,000 lots, over 600 of which contain occupied homes. The third primary competitor with Serene Hills is Deer Creek, a 214-acre subdivision with approximately 622 lots, which is almost completely built out. All of these projects will compete directly with Serene Hills for homebuilders and home purchasers.

The competitive position of the Developer or any future developer or builder in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Serene Hills Defined Area is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the Serene Hills Defined Area and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the Serene Hills Defined Area by any developer or builder will be implemented or, if implemented, will be successful.

Landowners/Developers Under No Obligation to the District. There are no commitments or obligations from the Developer or any landowner to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the Serene Hills Defined Area, and there is no restriction on the Developer, or any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners or the Developer to develop their land would restrict the rate of growth of taxable value in the Serene Hills Defined Area. The District is also dependent upon its principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition

of any taxpayer will be or what effect, if any, such conditions may have on their ability to pay taxes. See “TAX DATA – Principal Taxpayers.” The furnishing of information related to the proposed development by the Developer should not be interpreted as a commitment by the Developer. The District makes no representation about the probability of development continuing in the Serene Hills Defined Area in a timely manner or about the ability of the Developer, or any other subsequent landowner to whom the Developer may sell all or a portion of its holdings within the Serene Hills Defined Area, to implement any plan of development. Furthermore, there is no restriction on the Developer’s right to sell its land. The Serene Hills Defined Area can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the Serene Hills Defined Area. See “THE SERENE HILLS DEFINED AREA – History and Status of Development” and “THE DEVELOPER.”

A debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Regulatory Constraints. To the extent the remainder of acreage located within the Serene Hills Defined Area does not develop due to economic or other factors, including, without limitation, implementation by any governmental land use, water quality and other regulatory restrictions, such lack of development may have an adverse impact on the assessed valuation and tax rate within the Serene Hills Defined Area.

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

OVERLAPPING AND COMBINED TAX RATES . . . The combined tax rate projections for the Serene Hills Defined Area reflects a projected combined tax rate of the Serene Hills Defined Area and the tax levied by the District. However, the tax rate that may be required to service debt on any bonds issued for the benefit of the Serene Hills Defined Area is subject to numerous uncertainties such as the growth of taxable values within the boundaries of the Serene Hills Defined Area, the amount of direct unlimited tax bonds issues for the benefit of Serene Hills Defined Area and the District, regulatory approvals, construction costs and interest rates. There can be no assurance that combined tax rates imposed by overlapping jurisdictions on property situated in the Serene Hills Defined Area will be competitive with the tax rates of competing projects in the Austin metropolitan area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the Serene Hills Defined Area and the investment quality or security of the Bonds could be adversely affected. The combined 2016 tax levy of Serene Hills Defined Area and the District was \$0.6849 per \$100 of assessed valuation. The current Commission rules regarding the feasibility of a bond issue for a utility district in Travis County limit the projected combined total tax rate of entities levying a tax for water, wastewater and drainage to \$1.20. The projections for the Serene Hills Defined Area are consistent with the rules of the TCEQ. If the total combined tax rate of Serene Hills Defined Area should ever exceed \$1.20, the District could be prohibited under the TCEQ rules from selling additional bonds.

EFFECTS OF MASTER PLANNED COMMUNITY/REGULATORY CONSTRAINTS . . . The Developer has represented that it intends to sell developed lots to homebuilders, apartment developers or office/retail developers in the Serene Hills Defined Area. See “THE DISTRICT” and “THE DEVELOPER.” However, the Developer has no legal obligation to the District to carry out its current plans or any other plans of development within the Serene Hills Defined Area. Furthermore, there is no restriction on the Developer or other landowners selling their land. The District can make no prediction as to the effects that inflation, interest rates, a depressed economy, falling energy prices, potential transportation problems, flooding, drought, environmental or other government regulations, or other factors, whether economic, governmental or otherwise, may have on the plans of the Developer. See “Factors Affecting Taxable Values and Tax Payments” above.

Neither the Developer nor any subsidiaries, if any, are obligated to pay principal of and interest on the Bonds. See “THE DEVELOPER.” Furthermore, the Developer has no binding commitment to the District or the Serene Hills Defined Area to carry

out any plans of development in the Serene Hills Defined Area, and the furnishing of information related to proposed development by a developer should not be interpreted as such a commitment.

TAX COLLECTIONS AND FORECLOSURE REMEDIES . . . The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the Serene Hills Defined Area is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District's tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

REGISTERED OWNERS' REMEDIES . . . In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The registered owners cannot themselves foreclose on property within the Serene Hills Defined Area or sell property within the Serene Hills Defined Area in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See "THE BONDS – Remedies in Event of Default."

BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . . The enforceability of the rights and remedies of Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Bondholders' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic bondholders' stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, entered an order granting relief from the stay or otherwise allowed creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a water control and improvement district such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

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

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

FUTURE DEBT . . . District Debt . . . As of June 6, 2017, approximately 186 acres of land within the Serene Hills Defined Area have been developed with utility facilities by the Developer. The Developer has advanced approximately \$26,000,000 to develop single

family residential developments in the Serene Hills Defined Area. Based on an estimate as of June 6, 2017, the Developer is owed approximately \$15,611,666, with reimbursements expected to be made from the proceeds of future installments of bonds (including the Bonds) over the next several years. After issuance of the Bonds, the District will have \$39,425,000 of remaining authorized but unissued bonds for the Serene Hills Defined Area. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the Serene Hills Defined Area (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the Serene Hills Defined Area. See “THE BONDS – Issuance of Additional Debt.”

After issuance of the Bonds, the District has \$39,425,000 of remaining authorized but unissued bonds (see “THE BONDS – Issuance of Additional Debt”). The District has also reserved the right to issue certain other additional bonds, special project bonds, refunding bonds, and other obligations described in the Bond Order. If the District does issue future bonds or other debt obligations, such issuance could increase gross debt/property valuation ratios and might adversely affect the investment security of the Bonds.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

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

TAX EXEMPT PROPERTY-STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY . . . Within the District there is the potential for property to be owned by the “Strategic Housing Finance Corporation of Travis County (“SHFC”), a public nonprofit housing finance corporation established in 2004 pursuant to Chapter 394 of the Texas Local Government Code (the “Texas Housing Finance Corporations Act”). SHFC operates a lease-to-purchase affordable housing program for low to moderate income families in Travis County that was initially financed with the proceeds of \$35 million in Lease Purchase Revenue Bonds issued by SHFC in 2004. Pursuant to the program as currently structured by SHFC, low to moderate income families in Travis County pay a fee to SHFC which purchases a home and leases it back to the family for a period of thirty nine (39) months. Under the Texas Housing Finance Corporations Act, all property owned by a nonprofit housing finance corporation, such as SHFC, is tax exempt, therefore during the thirty nine (39) month term of the lease, during which SHFC owns the home, that property is removed from the tax rolls of the District. If the tenant vacates the property or cannot afford to assume the mortgage at the end of the lease term, then the property may remain tax exempt indefinitely. Presently, there are no homes within the District that are owned by SHFC. Because the SHFC program is between itself and an individual resident, the District cannot make any projection regarding the future impact the SHFC program may have on its taxable appraised values. It is not known whether SHFC will seek additional funding for its program in the future or alter the terms and leasing arrangements at which it offers homes through its programs. Additionally, taxable appraised values may also be adversely affected if similar lease-to-purchase affordable housing programs are instituted by other corporations created under the Texas Housing Finance Corporations Act.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

DROUGHT CONDITIONS . . . Central Texas, like other areas of the State, has experienced drought conditions in recent years. The LCRA provides water to the District residents in amounts sufficient to service the residents of the District, however, as drought conditions emerge, water usage, District revenues and rates could be impacted.

LEGAL MATTERS

LEGAL OPINIONS . . . The District will furnish the Purchaser a transcript of certain proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of the State of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the effect that (i), based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and the laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to governmental immunity, bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and (ii) the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. See “APPENDIX C – Form of Bond Counsel’s Opinion.” The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The applicable legal opinion will accompany the Bonds deposited with DTC or will be printed on or attached to the Bonds in the event of discontinuance of the Book-Entry-Only System. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

TAX MATTERS

OPINION . . . On the date of Initial Delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof interest on the Bonds for federal income tax purposes (“Existing Law”), (i) will be excludable from the “gross income” of the holders thereof and (ii) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX C – Form of Bond Counsel’s Opinion.”

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

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

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest

payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its electronic municipal market access system. Information will be available free of charge by the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in APPENDIXES A and B. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

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

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

NOTICE OF CERTAIN EVENTS . . . The District will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The District will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws; (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the District (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District).

The District will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "– Annual Reports."

AVAILABILITY OF INFORMATION FROM THE MSRB . . . The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB and will be available to the public free of charge at www.emma.msrb.org.

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

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

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

PREPARATION OF OFFICIAL STATEMENT

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

EXPERTS . . . The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, the engineering information included in the sections entitled "THE SERENE HILLS DEFINED AREA," and "THE SERENE HILLS DEFINED AREA SYSTEM" has been approved by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "APPENDIX B – Information Regarding the District" was provided by the Tax Collector and the Appraisal District.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement for the sale of the Bonds. In its capacity as Financial Advisor, Specialized Public Finance Inc. has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein as indicated.

The Financial Advisor has not, however, independently verified the factual information contained in this Official Statement nor has it conducted an investigation into the affairs of persons or firms referred to in this Official Statement for the purpose of passing upon the accuracy or completeness of this Official Statement.

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

PURCHASER . . . After requesting competitive bids for the Bonds, the District accepted the bid of _____ to purchase the Bonds at the interest rates shown on the inside cover page of the Official Statement at a price of ____% of par. The initial reoffering price to the public by the Purchaser, produces compensation to the Purchaser of \$_____. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The

District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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

This Official Statement was approved by the Board of Directors of Travis County Water Control and Improvement District No. 17, as of the date shown on the cover page.

President, Board of Directors
Travis County Water Control and Improvement District No. 17

ATTEST:

Secretary, Board of Directors
Travis County Water Control and Improvement District No. 17

APPENDIX A

**Financial Statement
of the District
For the Year Ended September 30, 2016**

The Bonds are limited obligations of the District payable solely from an unlimited ad valorem tax levied on all taxable property within the Serene Hills Defined Area within the District. The District provides water and wastewater services and collects revenues, fees and taxes throughout its service territory and boundaries which includes areas outside the Serene Hills Defined Area. As a result, the District's audited financial statement includes revenues, fees and taxes which are not pledged to the payment of the Bonds. The District's audited financial statements are provided for purposes of compliance with Rule 15c2-12 of the Federal Securities Exchange Act of 1934. Therefore, the District cautions that the financial information set forth herein unrelated to the Serene Hills Defined Area should not be construed or interpreted as available or pledged to the payment of the Bonds.

APPENDIX B

Information Regarding the District

**HISTORICAL DISTRICT TAX BASE, TAX RATE AND COLLECTION EXPERIENCE FOR
TAXES LEVIED ON ALL PROPERTY IN THE DISTRICT**

<u>Tax Year</u>	<u>Assessed Valuation^(a)</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>% Collections Total</u>	<u>Year Ended 9/30</u>
2016	\$ 5,607,366,681	\$ 0.0599	\$3,358,813	NA	2017
2015	5,006,921,702	0.0585	2,929,049	99.53% ^(b)	2016
2014	4,429,045,688	0.0575	2,546,701	99.63%	2015
2013	4,236,281,992	0.0575	2,435,862	99.35%	2014
2012	3,978,811,423	0.0600	2,387,288	99.17%	2013
2011	3,547,348,767	0.0600	2,147,435	99.40%	2012
2010	3,261,211,963	0.0600	1,956,727	98.59%	2011
2009	3,344,117,301	0.0575	1,922,867	99.57%	2010
2008	3,232,830,543	0.0575	1,865,144	101.40%	2009

**HISTORICAL TAX BASE, TAX RATE AND COLLECTION
EXPERIENCE FOR TAXES LEVIED ONLY ON PROPERTY LOCATED
IN SERENE HILLS DEFINED AREA**

<u>Tax Year</u>	<u>Assessed Valuation^(a)</u>	<u>Tax Rate</u>	<u>Levy</u>	<u>% Collections Total</u>	<u>Year Ended 9/30</u>
2016	\$ 106,849,270	\$ 0.6250	\$667,808	NA	2017
2015	57,268,992	0.6500	372,248	99.58% ^(b)	2016
2014	24,942,817	0.6500	162,128	99.63%	2015
2013	6,976,155	0.6500	45,345	99.30%	2014

(a) Source: Travis Central Appraisal District.

(b) As of September 30, 2016.

APPENDIX C

Form of Bond Counsel's Opinion

Bryan W. Shaw, Ph.D., P.E., *Chairman*
Toby Baker, *Commissioner*
Jon Niermann, *Commissioner*
Richard A. Hyde, P.E., *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

June 7, 2017

Ms. Lauren Kalisek
Lloyd Gosselink
816 Congress Avenue, Suite 1900
Austin, TX 78701-2478

Re: Travis County Water Control and Improvement District No. 17 - Serene Hills Defined Area; Application for Approval of \$7,000,000 Unlimited Tax Bonds, Third Issue, 4.69% Net Effective Interest Rate, Series 2017; Pursuant to Texas Water Code § 49.181.
TCEQ Internal Control No. D-03312017-053 (TC)
CN: 600669048 RN: 101428761

Dear Ms. Kalisek:

Enclosed for your review and consideration are (1) a copy of the Texas Commission on Environmental Quality's (TCEQ) initialed memorandum which constitutes the official TCEQ report on the referenced application, and (2) a copy of the associated draft order. After we receive your consent, we will finalize the order approving your application and submit it to the Executive Director for signature.

The Executive Director is authorized to sign the order on behalf of the Commission in accordance with Section 5.122 of the Texas Water Code and the TCEQ's rules. **Please e-mail the executed consent form to technical manager Samantha Alfonso at <samantha.alfonso@tceq.texas.gov>. Please do not send additional copies via mail or fax. If the executed consent form is not received within 5 working days, the application for your district will be considered "contested" and finalization of the order could be delayed significantly.** After the Executive Director signs the order, the Chief Clerk's office will provide you with a signed copy.

If you request amendments to the memorandum, and/or draft order because of changes to your application or because you provide more information, additional time will be required to review the requested changes and modify the memorandum, and/or draft order. **This could result in significant delays for obtaining approval of your application.**

Ms. Lauren Kalisek
Page 2
June 7, 2017

If you have any questions, please contact Samantha Alfonso at (512) 239-2522 or by e-mail at <samantha.alfonso@tceq.texas.gov>.

Sincerely,



Chris S. Ulmann, P.E., Manager
Water Supply Division - Districts Section
Texas Commission on Environmental Quality

CU/sa

_____ I concur with the recommendations contained in the memorandum dated June 5, 2017 and the associated draft order.

_____ I intend to respond to the recommendations contained in the memorandum dated June 5, 2017, and the associated draft order.

Signed

Printed Name

Date

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



AN ORDER APPROVING AN ENGINEERING PROJECT AND THE ISSUANCE OF \$7,000,000 IN UNLIMITED TAX BONDS FOR TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17 SERENE HILLS DEFINED AREA

An application by Travis County Water Control and Improvement District No. 17 (District) - Serene Hills Defined Area (SHDA) was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and issuance of \$7,000,000 in bonds to finance the following: remaining construction costs associated with Serene Hills Phase 1A and 1B 12-inch offsite waterline; water and wastewater impact fees; water and wastewater lines relocation; stormwater pollution prevention plans; and land acquisition costs for water quality ponds. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

FINDINGS OF FACT

1. The District filed an application with the TCEQ on March 31, 2017 for approval of a proposed engineering project and the issuance of \$7,000,000 in bonds.
2. The Executive Director of the TCEQ has investigated the District.
3. The application and accompanying documents have been examined. The project site was visited and carefully inspected by a member of the TCEQ's Districts Section on May 30, 2017 and a written memorandum was prepared on the project dated June 5, 2017, a copy of which is attached and made a part hereof.
4. The District's project and the issuance of \$7,000,000 in bonds at a maximum net effective interest rate of 4.69% to finance the project should be approved.
5. The District's Board of Directors should be directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made.

6. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

7. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE §49.181.

2. The Executive Director of the TCEQ has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The TCEQ's Districts Section's memorandum dated June 5, 2017, on this engineering project and bond issue should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the TCEQ's Districts Section's memorandum dated June 5, 2017, on this engineering project and bond issue are adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Travis County Water Control and Improvement District No. 17 - Serene Hills Defined Area is hereby approved together with the issuance of \$7,000,000 in bonds at a maximum net effective interest rate of 4.69%. The District's Board of Directors is directed to review to its satisfaction the detailed calculations of the developer's interest to ensure that the costs are authorized District expenditures and in accordance with 30 TEX. ADMIN. CODE § 293.50 before reimbursement to the developer is made. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ staff.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7th) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the TCEQ's Districts Section copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the TCEQ's Districts Section and obtain approval of the Texas TCEQ on Environmental Quality for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.


If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date:

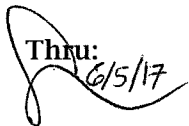
For the Commission

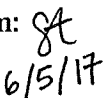
Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To  6/6/17
Chris S. Ulmann, P.E., Manager
Water Supply Division

Date: June 5, 2017

Thru:  6/5/17
Seyed Miri, P.E., Leader
Districts Creation Review Team

From:  6/5/17
Samantha Alfonso
Districts Creation Review Team

Subject: Travis County Water Control and Improvement District No. 17 - Serene Hills Defined Area; Application for Approval of \$7,000,000 Unlimited Tax Bonds, Third Issue, 4.69% Net Effective Interest Rate, Series 2017; Pursuant to Texas Water Code § 49.181.
TCEQ Internal Control No. D-03312017-053 (TC)
CN: 600669048 RN: 101428761

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from the Serene Hills Defined Area (SHDA) within Travis County Water Control and Improvement District No. 17 (District) requesting approval of the issuance of \$7,000,000 in unlimited tax bonds to finance the District's share of the following projects:

1. Remaining construction costs associated with Serene Hills Phase 1A and 1B 12-inch offsite waterline;
2. Water and wastewater impact fees;
3. Water and wastewater lines relocation;
4. Storm water pollution prevention plans (SWPPP); and
5. Land acquisition costs for water quality ponds .

This District is not proposing to fund new internal utilities in this bond issue. At ultimate development, the District is projected to serve 615.5 Equivalent Single-Family Connections (ESFCs), revised from the previous bond issue, on 417.58 developable (456.63 total) acres.

B. ECONOMIC ANALYSIS

Tax Rate Analysis

The economic feasibility of this bond issue is based on the existing 301.5 (93 single family homes plus 208.5 multi-family homes) ESFCs and no-growth to an estimated taxable assessed valuation (AV) of \$134,414,982 as of January 1, 2017. A market study has not been provided, and is not required since the feasibility of this bond issue is based on no-growth.

According to a Travis Central Appraisal District certificate, the District's January 1, 2017 estimated taxable AV is \$134,414,982. The annual debt service requirement for the proposed bond amount of \$7,000,000 and existing debt averages \$958,467 for the 27-year life of the

District's bond debt. The District levied a maintenance tax of \$0.3750 in 2016 and according to the engineering report, is projecting to levy a maintenance tax of \$0.0599 in the future.

The District's financial advisor submitted a cash flow schedule considering the requested \$7,000,000 bond issue, no-growth to the January 1, 2017 estimated taxable AV of \$134,414,982, twelve months of capitalized interest, a bond interest rate of 4.50%, a 3% bond discount, a 99% collection rate, and a projected tax rate of \$0.78 per \$100 AV. The TCEQ's Districts Section's financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rate would be sufficient.

<u>Taxing Jurisdiction</u>	<u>Projected Tax Rate</u>
SHDA	
Debt Service	\$0.7800 ⁽¹⁾⁽²⁾
District	
Maintenance	\$0.0599
City of Lakeway	<u>\$0.0048</u> ⁽³⁾
Total	<u>\$0.8447</u> ⁽⁴⁾

- Notes: (1) Based on a net effective interest rate of 4.69%, a 99% tax collection rate, no-growth to the January 1, 2017 estimated taxable AV of \$134,414,982, and at least a 25% ending debt service fund balance.
- (2) The term "commission-approved tax rate" in 30 Texas Administrative Code (30 TAC) § 293.85 refers to an initial ad valorem debt service tax of at most \$0.78 per \$100 AV.
- (3) According to an October 3, 2014 City of Lakeway Letter, 3.0% of the City's current \$0.1612 property tax rate is attributable to drainage. The District's share is \$0.0048.
- (4) Represents the combined projected tax rate as defined by 30 TAC § 293.59(f).

Additional Financial Comments

The District is exempt from the 75% and 25% build out requirements of 30 TAC §§ 293.59(1)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.84 per \$100 AV not exceeding \$1.20, pursuant to 30 TAC §§ 293.59(l) and 293.59(k)(11)(C).

C. ENGINEERING ANALYSIS

Water Supply

The SHDA receives water service from the District pursuant to the "Utility Development and Conveyance Agreement" effective January 17, 2008. The District withdraws raw water from Lake Travis, pursuant to the "Water Sale Contract for Municipal Uses" with the Lower Colorado River Authority (LCRA), effective May 23, 2001. The contract authorizes a maximum withdrawal of 7.85 million gallons per day (MGD). The District has two water treatment plants for a total estimated capacity of 22.0 MGD. The following table summarizes the existing water supply facilities serving the District, along with the ESFC capacity of each component based on criteria stated in 30 TAC § 290.45:

<u>Facility</u>	<u>Minimum Requirements</u>	<u>Total Capacity (ESFCs)</u>
WTP Capacity	0.6 gpm/ESFC	15,278 gpm (25,463 ESFCs)
Pressure Tank	20 gal/ESFC	5,000 gal (250 ESFCs)

Total Storage ⁽¹⁾	200 gal/ESFC	9,385,000 gal (46,925 ESFCs)
Booster Pump	0.6 gpm/ESFC	19,950 gpm (33,250 ESFCs)

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

Pursuant to the SHDA's service plan, the District supplies water capacity to the SHDA upon payment of a water impact fee. The current TCEQ approved fee is \$4,200 per ESFC. Funds are included in the current bond issue to finance water impact fees for 208.5 ESFCs, for a total of 572.5 ESFCs (205 ESFCs funded in the first bond issue in exchange for land; plus 110 ESFCs in bond issue no. 2 in exchange for land; plus 49 ESFCs in bond issue no. 2; plus 208.5 ESFCs in the current bond issue).

The District has emergency interconnects with Lakeway Municipal Utility District (MUD), West Travis County Public Utility Agency, Hurst Creek MUD, and the City of Austin, all of which are normally closed.

The District's existing water supply capacity appears adequate to serve the existing 301.5 ESFCs for the SHDA upon which the feasibility of this bond issue is based.

Wastewater Treatment

The District's wastewater treatment facilities serving the SHDA presently consist of a 1.0 MGD wastewater treatment plant (WWTP) located in the Flintrock Ranch Estates Defined Area (FREDA). The plant, under Texas Pollutant Discharge Elimination System Permit No. WQ0013878001, is a 1.0 MGD no-discharge permit with disposal by land irrigation. The plant serves the SHDA and other District customers.

Pursuant to the SHDA's service plan, the District supplies wastewater treatment capacity to the SHDA upon payment of a wastewater impact fee. The current TCEQ approved fee is \$12,600 per ESFC. Funds are included in the current bond issue to finance wastewater impact fees for 208.5 ESFCs, for a total of 523.5 ESFCs (205 ESFCs funded in bond issue no. 1 in exchange for land; plus 110 ESFCs in bond issue no. 2 in exchange for land; plus 208.5 ESFCs in the current bond issue).

The District's existing 1.0 MGD total treatment capacity in the FREDA can serve 3,333 ESFCs based on a design criteria of 300 gpd/ESFC.

The District's existing wastewater treatment capacity appears adequate to serve the existing 301.5 ESFCs for the SHDA upon which the feasibility of this bond issue is based.

Storm Water Drainage

Storm water drainage for the SHDA will generally drain through an underground storm water collection system to drainage pipes which outfall into detention ponds, water quality ponds, and natural drainage channels and eventually into Lake Travis and the Colorado River.

Purchase of Existing Facilities and/or Assumption of Existing Contracts

<u>Project</u>	<u>Contractor</u>	<u>% Complete (Date)</u>	<u>Contract Amount⁽¹⁾</u>	<u>Amt. Subj. to Distr. Contrib.</u>
Serene Hills 1A & 1B -- W, WW, & D	J.C. Evans Construction Co. LP	100% (8/2011)	\$1,842,568	\$1,763,037 ⁽²⁾ \$1,142,802 ⁽³⁾

- Notes: (1) Based on original contract amount, plus or minus change orders and final quantity adjustments.
(2) Final contract amount of \$1,842,568; less \$72,090 for 5x5 box culvert; less \$4,636 for clearing and grubbing; less \$2,805 for irrigation sleeves.
(3) Amount to be funded in this application. Represents the District's 70% share of the eligible contract amount \$1,763,037 less \$130,464 funded in bond issue no. 2 for District items (\$1,632,573 x 70%).

Approved plans and specifications, preconstruction agreements, and various construction contract documents have been provided.

Facilities to be Constructed

None.

Inspection

The District was inspected by a member of the TCEQ's Districts Section staff on May 30, 2017. Utilities appeared to be complete within the projects included in the feasibility of this bond issue. District name signs were properly posted as required by Texas Water Code § 49.451.

D. SUMMARY OF COSTS

<u>Construction Costs</u>	<u>District Share</u>
A. Developer Contribution Items	
1. Serene Hills 1A & 1B - W, WW, & D	\$ 1,142,802
2. Engineering (32.30% of Item No. 1)	369,156
3. Stormwater Pollution Prevention Plans	6,374
4. Legal Construction Cost	16,615
TOTAL DEVELOPER CONTRIBUTION ITEMS	\$ 1,534,947
B. District Items	
1. Water and Wastewater Impact Fees - Western Rim	\$ 3,502,800 ⁽¹⁾
2. Water and Wastewater Lines Relocation	150,000 ⁽²⁾
3. Land Costs for Water Quality Ponds	507,903 ⁽³⁾
TOTAL DISTRICT ITEMS	\$ 4,160,703
TOTAL CONSTRUCTION COSTS (81.37% of Bond Issue Requirement)	\$ 5,695,650
<u>Non-Construction Costs</u>	
A. Legal Fees (1.00%)	\$ 70,000 ⁽⁴⁾
B. Financial Advisor Fees (1.25%)	87,500 ⁽⁵⁾
C. Interest	
1. Capitalized Interest (12 months @ 4.50%)	315,000
2. Developer Interest	501,019 ⁽⁶⁾
D. Bond Discount (3%)	210,000
E. Bond Issuance Expenses	36,331
F. Bond Application Report	60,000
G. Attorney General Fee (0.10%)	7,000
H. TCEQ Bond Issuance Fee (0.25%)	17,500

TOTAL NON-CONSTRUCTION COSTS	\$	<u>1,304,350</u>
TOTAL BOND ISSUE REQUIREMENT	\$	7,000,000

- Notes: (1) See Special Consideration No. 1.
(2) The District was required to relocate a portion of water and wastewater lines due to a planned project by Travis County and the City of Lakeway to widen and relocate Flintrock Road. Pursuant to a June 17, 2015 letter from the District to the SHDA, the SHDA shall pay to the District \$231,182 for its share of the line relocation project. The remaining \$81,182 for the relocation project (\$231,182 less \$150,000 requested for funding in this bond issue) may be funded in the future. The SHDA shall have no responsibility for any increased costs of the line relocation project or costs for any future relocations of defined area facilities mandated by Travis County.
(3) See Special Consideration No. 2.
(4) Pursuant to the contract provided, fees are 1.0% of bonds issued.
(5) Pursuant to the contract provided, fees are 1.25% of bonds issued.
(6) Estimated at 4.50% through September 30, 2017 for bond-issued funded costs or a maximum of two years in accordance with 30 TAC § 293.50(a).

E. SPECIAL CONSIDERATIONS

1. Water and Wastewater Capacity Impact Fees

This bond issue includes water impact fees for 208.5 ESFCs paid to the District at \$4,200/ESFC (established by Order Regarding Amendments to the Land Use Assumption, Capital Improvements Plan, and Water Impact Fee for the District-Wide Water Impact Fee Service Area by Travis County Water Control & Improvement District No. 17 adopted September 1, 2012) and wastewater impact fees for 208.5 ESFCs paid to the District at \$12,600/ESFC.

Previously, the land for planned wastewater effluent irrigation fields, effluent pond site and effluent disposal tract was deeded by the developer to the District as payment for water and wastewater impact fees in the SHDA. The total of impact fees purchased was \$4,739,805 for a projected 315 ESFCs based on \$3,500 per ESFC for water and \$11,547 for wastewater effective at the time of the transaction, May 28, 2010. The SHDA reimbursed the developer for all 315 ESFC capacity payments for planned wastewater effluent irrigation fields.

Including this bond issue, the SHDA has funded water impact fees for 572.5 ESFCs (315 ESFCs in exchange for land; plus 49 ESFCs in bond issue no. 2; plus 208.5 ESFCs in the current bond issue) and wastewater impact fees for 523.5 ESFCs (315 ESFCs in exchange for land; plus 208.5 ESFCs in the current bond issue).

2. Land Costs

The requested cost summary included land costs associated with three storm water quality ponds. Eligible reimbursable costs are summarized as follows:

Total Closing Statement Sales Price: \$23,100,000
Total Acreage Purchased: 456.63 acres
Cost per Acre: \$23,100,000/456.63 acres = \$50,588

Storm Water Quality Pond No. 3, Phase 3Wa

Pond No. 3 Site: 2.517 acres

Then: Land Cost: 2.517 acres x \$50,588/acre = \$127,330

Interest (from developer's May 2, 2007 purchase date to District acquisition date)
Assuming 4.50% interest and a funding date of September 30, 2017

District is only requesting two years of interest (730 days)

Then: Interest: $\$127,330 \times 4.5\% / 365 \text{ days} \times 730 \text{ days} = \$11,460$

Total "Storm Water Quality Pond No. 3, Phase 3Wa" land cost = **\\$138,790**

Storm Water Quality Pond No. 4, Phase 2E

Pond No. 4 Site: 3.48 acres

Then: Land Cost: $3.48 \text{ acres} \times \$50,588/\text{acre} = \$176,046$

Interest (from developer's May 2, 2007 purchase date to District acquisition date)

Assuming 4.50% interest and a funding date of September 30, 2017

District is only requesting two years of interest (730 days)

Then: Interest: $\$176,046 \times 4.5\% / 365 \text{ days} \times 730 \text{ days} = \$15,844$

Total "Storm Water Quality Pond No. 4, Phase 2E" land cost = **\\$191,890**

Storm Water Quality Ponds Phase 2W

Pond Phase 2W Site: 3.214 acres

Then: Land Cost: $3.214 \text{ acres} \times \$50,588/\text{acre} = \$162,590$

Interest (from developer's May 2, 2007 purchase date to District acquisition date)

Assuming 4.50% interest and a funding date of September 30, 2017

District is only requesting two years of interest (730 days)

Then: Interest: $\$162,590 \times 4.5\% / 365 \text{ days} \times 730 \text{ days} = \$14,633$

Total "Storm Water Quality Ponds Phase 2W" land cost = **\\$177,223**

Total Storm Water Quality Ponds land cost: \\$507,903

F. CONCLUSIONS

1. Based on \$55,000,000 in unlimited tax bonds authorized by voters and \$8,575,000 previously approved by the TCEQ and issued by the District, the District has sufficient voter-authorized bonds (\$46,425,000) for the proposed bond issue.
2. Based on the review of the engineering report, plans, specifications, and supporting documents, the bond issue is considered feasible and meets the criteria established by the TCEQ's economic feasibility rules, 30 TAC § 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Approve the bond issue in the requested amount of \$7,000,000, in accordance with the recommended summary of costs, at a maximum net effective interest rate of 4.69%.
2. Standard recommendations regarding purchase of facilities, developer interest, consultant fees, surplus proceeds, time of approval, and bond proceeds apply.



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

**Re: \$7,000,000* Travis County Water Control and Improvement District 17
Serene Hills Defined Area Unlimited Tax Bonds, Series 2017**

Client Number: 2501.062

INVOICE FOR THE OFFICE OF THE ATTORNEY GENERAL FILING FEE

Pursuant to Chapter 1202 .004 of the Texas Government Code, as amended, a fee equal to one-tenth of one percent of the principal amount of the public security to which the record of proceedings relates or \$9,500, whichever is less; provided, the fee shall not be less than \$750. If the record of proceedings includes multiple series, a separate fee must be calculated and paid for each series. If the record of proceedings includes authorization of a credit agreement, but does not also include the authorization of a public security, the fee is calculated based on the principal amount of the public security or public securities to which the credit agreement relates.

Please forward the below fee **made payable to the Office of the Attorney General** to the offices of McCall, Parkhurst & Horton L.L.P. prior to or at the meeting of the District on August 17, 2017.

ATTORNEY GENERAL FILING FEE **\$7,000***

*Preliminary, subject to change.

600 Congress Ave., Suite 1800
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood, Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

700 N. St. Mary's Street, Suite 1525
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

www.mphlegal.com

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
McCORMICK MOUNTAIN WATERLINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:00 P.M.

Item #	Item	Quantity	Unit	WPM Construction Services		Prota Construction, Inc. & Prota Inc., JV		Austin Engineering Co., Inc.	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	Bonding, Mobilization and Insurance	1	LS	\$49,150.00	\$49,150.00	\$55,530.00	\$55,530.00	\$40,000.00	\$40,000.00
2	Stormwater Pollution Prevention Plan (SW3P)	1	LS	\$3,150.00	\$3,150.00	\$500.00	\$500.00	\$4,000.00	\$4,000.00
3	Construction Materials Testing	1	LS	\$6,900.00	\$6,900.00	\$500.00	\$500.00	\$5,000.00	\$5,000.00
4	Traffic Control	1	LS	\$1,150.00	\$1,150.00	\$14,000.00	\$14,000.00	\$20,000.00	\$20,000.00
5	Mulch Sock	5,575	LF	\$6.50	\$36,237.50	\$3.00	\$16,725.00	\$8.00	\$44,600.00
6	Tree Protection	2,135	LF	\$3.50	\$7,472.50	\$3.00	\$6,405.00	\$4.00	\$8,540.00
7	Stabilized Construction Entrance	1	LS	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,600.00	\$1,600.00
8	Trench & Excavation Safety	6,530	LF	\$1.00	\$6,530.00	\$0.50	\$3,265.00	\$1.00	\$6,530.00
9	12-Inch C-900 DR-14 PVC Waterline	4,600	LF	\$73.00	\$335,800.00	\$90.00	\$414,000.00	\$85.00	\$391,000.00
10	12-Inch Ductile Iron Pipe (Class 350 Min.)	400	LF	\$93.00	\$37,200.00	\$175.00	\$70,000.00	\$150.00	\$60,000.00
11	8-Inch C-900 DR-14 PVC Waterline	1,430	LF	\$64.00	\$91,520.00	\$75.00	\$107,250.00	\$70.00	\$100,100.00
12	8-Inch Ductile Iron Pipe (Class 350 Min.)	80	LF	\$76.00	\$6,080.00	\$155.00	\$12,400.00	\$140.00	\$11,200.00
13	6-Inch C-900 DR-14 PVC Waterline	20	LF	\$81.00	\$1,620.00	\$180.00	\$3,600.00	\$80.00	\$1,600.00
14	12-Inch Gate Valve w/ Valve Box	5	EA	\$2,100.00	\$10,500.00	\$2,500.00	\$12,500.00	\$2,900.00	\$14,500.00
15	8-Inch Gate Valve w/ Valve Box	5	EA	\$1,200.00	\$6,000.00	\$2,000.00	\$10,000.00	\$1,800.00	\$9,000.00
16	6-Inch Gate Valve w/ Valve Box	1	EA	\$950.00	\$950.00	\$1,500.00	\$1,500.00	\$1,570.00	\$1,570.00
17	12" Heavy Duty Tapping Sleeve & Gate Valve	1	EA	\$6,800.00	\$6,800.00	\$8,000.00	\$8,000.00	\$9,200.00	\$9,200.00
18	Concrete Retards	10	EA	\$300.00	\$3,000.00	\$100.00	\$1,000.00	\$1,200.00	\$12,000.00
19	Connection to Existing 12-Inch Waterline	2	EA	\$2,000.00	\$4,000.00	\$2,500.00	\$5,000.00	\$2,200.00	\$4,400.00
20	Connection to Existing 8-Inch Waterline	1	EA	\$2,000.00	\$2,000.00	\$2,250.00	\$2,250.00	\$1,800.00	\$1,800.00
21	Connection to Existing 6-Inch Waterline	1	EA	\$2,000.00	\$2,000.00	\$1,750.00	\$1,750.00	\$1,500.00	\$1,500.00
22	Fire Hydrant Assembly	13	EA	\$4,700.00	\$61,100.00	\$5,250.00	\$68,250.00	\$4,600.00	\$59,800.00
23	2" Air/Vacuum Combination Release Valve	3	EA	\$2,350.00	\$7,050.00	\$3,000.00	\$9,000.00	\$3,500.00	\$10,500.00
24	Single Water Service	23	EA	\$1,570.00	\$36,110.00	\$1,500.00	\$34,500.00	\$1,650.00	\$37,950.00
25	Double Water Service	7	EA	\$1,430.00	\$10,010.00	\$1,750.00	\$12,250.00	\$1,750.00	\$12,250.00
26	Pavement Repair	19,300	SY	\$12.00	\$231,600.00	\$12.75	\$246,075.00	\$15.00	\$289,500.00
27	Striping	7,625	LF	\$1.90	\$14,487.50	\$2.00	\$15,250.00	\$3.00	\$22,875.00
28	Revegetation	1	LS	\$3,450.00	\$3,450.00	\$2,000.00	\$2,000.00	\$20,000.00	\$20,000.00
TOTAL BASE BID (ITEMS 1 - 28)					\$983,367.50		\$1,135,000.00		\$1,201,015.00

Values in red-italics represent corrections from the values listed in the Bid Proposal submitted.

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
McCORMICK MOUNTAIN WATERLINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:00 P.M.

Item #	Item	Quantity	Unit	Smith Contracting Co., Inc.		DeNucci Constructors, LLC.		Central Road & Utility, Ltd.	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	Bonding, Mobilization and Insurance	1	LS	\$60,000.00	\$60,000.00	\$60,000.00	\$60,000.00	\$26,250.00	\$26,250.00
2	Stormwater Pollution Prevention Plan (SW3P)	1	LS	\$4,000.00	\$4,000.00	\$4,300.00	\$4,300.00	\$5,775.00	\$5,775.00
3	Construction Materials Testing	1	LS	\$9,500.00	\$9,500.00	\$12,000.00	\$12,000.00	\$7,875.00	\$7,875.00
4	Traffic Control	1	LS	\$5,000.00	\$5,000.00	\$22,000.00	\$22,000.00	\$16,012.50	\$16,012.50
5	Mulch Sock	5,575	LF	\$8.00	\$44,600.00	\$16.00	\$89,200.00	\$7.90	\$44,042.50
6	Tree Protection	2,135	LF	\$2.75	\$5,871.25	\$6.00	\$12,810.00	\$3.70	\$7,899.50
7	Stabilized Construction Entrance	1	LS	\$1,000.00	\$1,000.00	\$1,200.00	\$1,200.00	\$1,837.50	\$1,837.50
8	Trench & Excavation Safety	6,530	LF	\$1.00	\$6,530.00	\$2.00	\$13,060.00	\$1.10	\$7,183.00
9	12-Inch C-900 DR-14 PVC Waterline	4,600	LF	\$115.00	\$529,000.00	\$75.00	\$345,000.00	\$121.10	\$557,060.00
10	12-Inch Ductile Iron Pipe (Class 350 Min.)	400	LF	\$128.00	\$51,200.00	\$105.00	\$42,000.00	\$143.20	\$57,280.00
11	8-Inch C-900 DR-14 PVC Waterline	1,430	LF	\$85.00	\$121,550.00	\$55.00	\$78,650.00	\$100.80	\$144,144.00
12	8-Inch Ductile Iron Pipe (Class 350 Min.)	80	LF	\$110.00	\$8,800.00	\$85.00	\$6,800.00	\$134.60	\$10,768.00
13	6-Inch C-900 DR-14 PVC Waterline	20	LF	\$90.00	\$1,800.00	\$60.00	\$1,200.00	\$110.40	\$2,208.00
14	12-Inch Gate Valve w/ Valve Box	5	EA	\$2,200.00	\$11,000.00	\$2,300.00	\$11,500.00	\$2,467.50	\$12,337.50
15	8-Inch Gate Valve w/ Valve Box	5	EA	\$1,400.00	\$7,000.00	\$1,800.00	\$9,000.00	\$1,509.40	\$7,547.00
16	6-Inch Gate Valve w/ Valve Box	1	EA	\$1,000.00	\$1,000.00	\$1,600.00	\$1,600.00	\$1,220.60	\$1,220.60
17	12" Heavy Duty Tapping Sleeve & Gate Valve	1	EA	\$8,300.00	\$8,300.00	\$3,200.00	\$3,200.00	\$7,927.50	\$7,927.50
18	Concrete Retards	10	EA	\$330.00	\$3,300.00	\$600.00	\$6,000.00	\$315.00	\$3,150.00
19	Connection to Existing 12-Inch Waterline	2	EA	\$2,000.00	\$4,000.00	\$1,200.00	\$2,400.00	\$1,365.00	\$2,730.00
20	Connection to Existing 8-Inch Waterline	1	EA	\$2,000.00	\$2,000.00	\$1,200.00	\$1,200.00	\$1,155.00	<i>\$1,155.00</i>
21	Connection to Existing 6-Inch Waterline	1	EA	\$2,000.00	\$2,000.00	\$1,000.00	\$1,000.00	\$997.50	\$997.50
22	Fire Hydrant Assembly	13	EA	\$4,500.00	\$58,500.00	\$4,800.00	\$62,400.00	\$4,462.50	\$58,012.50
23	2" Air/Vacuum Combination Release Valve	3	EA	\$2,500.00	\$7,500.00	\$2,200.00	\$6,600.00	\$3,412.50	\$10,237.50
24	Single Water Service	23	EA	\$1,900.00	\$43,700.00	\$1,300.00	\$29,900.00	\$1,706.30	\$39,244.90
25	Double Water Service	7	EA	\$2,200.00	\$15,400.00	\$1,600.00	\$11,200.00	\$2,149.90	\$15,049.30
26	Pavement Repair	19,300	SY	\$11.25	\$217,125.00	\$19.50	\$376,350.00	\$12.10	\$233,530.00
27	Striping	7,625	LF	\$1.40	\$10,675.00	\$8.00	\$61,000.00	\$1.60	\$12,200.00
28	Revegetation	1	LS	\$10,000.00	\$10,000.00	\$22,000.00	\$22,000.00	\$9,240.00	\$9,240.00
TOTAL BASE BID (ITEMS 1 - 28)					\$1,250,351.25		\$1,293,570.00		<i>\$1,302,914.30</i>

Values in red-italics represent corrections from the values listed in the Bid Proposal submitted.

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
McCORMICK MOUNTAIN WATERLINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:00 P.M.

Item #	Item	Quantity	Unit	Santa Clara Construction, Ltd.		Qro Mex Construction Co., Inc.		Nelson Lewis, Inc.	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	Bonding, Mobilization and Insurance	1	LS	\$47,000.00	\$47,000.00	\$64,000.00	\$64,000.00	\$68,000.00	\$68,000.00
2	Stormwater Pollution Prevention Plan (SW3P)	1	LS	\$3,000.00	\$3,000.00	\$35,000.00	\$35,000.00	\$10,000.00	\$10,000.00
3	Construction Materials Testing	1	LS	\$15,000.00	\$15,000.00	\$20,000.00	\$20,000.00	\$5,000.00	\$5,000.00
4	Traffic Control	1	LS	\$4,100.00	\$4,100.00	\$35,000.00	\$35,000.00	\$15,000.00	\$15,000.00
5	Mulch Sock	5,575	LF	\$5.00	\$27,875.00	\$6.75	\$37,631.25	\$5.00	\$27,875.00
6	Tree Protection	2,135	LF	\$3.00	\$6,405.00	\$5.00	\$10,675.00	\$5.00	\$10,675.00
7	Stabilized Construction Entrance	1	LS	\$2,000.00	\$2,000.00	\$2,500.00	\$2,500.00	\$1,000.00	\$1,000.00
8	Trench & Excavation Safety	6,530	LF	\$0.10	\$653.00	\$2.00	\$13,060.00	\$2.00	\$13,060.00
9	12-Inch C-900 DR-14 PVC Waterline	4,600	LF	\$119.00	\$547,400.00	\$99.00	\$455,400.00	\$121.00	\$556,600.00
10	12-Inch Ductile Iron Pipe (Class 350 Min.)	400	LF	\$136.00	\$54,400.00	\$117.00	\$46,800.00	\$175.00	\$70,000.00
11	8-Inch C-900 DR-14 PVC Waterline	1,430	LF	\$110.00	\$157,300.00	\$77.00	\$110,110.00	\$107.00	\$153,010.00
12	8-Inch Ductile Iron Pipe (Class 350 Min.)	80	LF	\$127.00	\$10,160.00	\$85.00	\$6,800.00	\$160.00	\$12,800.00
13	6-Inch C-900 DR-14 PVC Waterline	20	LF	\$127.00	\$2,540.00	\$120.00	\$2,400.00	\$120.00	\$2,400.00
14	12-Inch Gate Valve w/ Valve Box	5	EA	\$2,900.00	\$14,500.00	\$2,250.00	\$11,250.00	\$2,500.00	\$12,500.00
15	8-Inch Gate Valve w/ Valve Box	5	EA	\$1,800.00	\$9,000.00	\$1,250.00	\$6,250.00	\$1,500.00	\$7,500.00
16	6-Inch Gate Valve w/ Valve Box	1	EA	\$1,300.00	\$1,300.00	\$1,100.00	\$1,100.00	\$1,200.00	\$1,200.00
17	12" Heavy Duty Tapping Sleeve & Gate Valve	1	EA	\$9,200.00	\$9,200.00	\$7,500.00	\$7,500.00	\$8,000.00	\$8,000.00
18	Concrete Retards	10	EA	\$1,000.00	\$10,000.00	\$750.00	\$7,500.00	\$500.00	\$5,000.00
19	Connection to Existing 12-Inch Waterline	2	EA	\$1,200.00	\$2,400.00	\$4,250.00	\$8,500.00	\$3,000.00	\$6,000.00
20	Connection to Existing 8-Inch Waterline	1	EA	\$800.00	\$800.00	\$3,950.00	\$3,950.00	\$2,500.00	\$2,500.00
21	Connection to Existing 6-Inch Waterline	1	EA	\$600.00	\$600.00	\$3,500.00	\$3,500.00	\$2,500.00	\$2,500.00
22	Fire Hydrant Assembly	13	EA	\$4,400.00	\$57,200.00	\$4,750.00	\$61,750.00	\$4,500.00	\$58,500.00
23	2" Air/Vacuum Combination Release Valve	3	EA	\$2,300.00	\$6,900.00	\$3,500.00	\$10,500.00	\$3,000.00	\$9,000.00
24	Single Water Service	23	EA	\$1,400.00	\$32,200.00	\$1,450.00	\$33,350.00	\$1,800.00	\$41,400.00
25	Double Water Service	7	EA	\$1,800.00	\$12,600.00	\$1,750.00	\$12,250.00	\$2,000.00	\$14,000.00
26	Pavement Repair	19,300	SY	\$11.50	\$221,950.00	\$15.00	\$289,500.00	\$12.00	\$231,600.00
27	Striping	7,625	LF	\$7.00	\$53,375.00	\$3.00	\$22,875.00	\$2.00	\$15,250.00
28	Revegetation	1	LS	\$14,000.00	\$14,000.00	\$30,000.00	\$30,000.00	\$10,000.00	\$10,000.00
TOTAL BASE BID (ITEMS 1 - 28)				\$1,323,858.00		\$1,349,151.25		\$1,370,370.00	

Values in red-italics represent corrections from the values listed in the Bid Proposal submitted.

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
McCORMICK MOUNTAIN WATERLINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:00 P.M.

Item #	Item	Quantity	Unit	Blackrock Construction		Patin Construction, LLC.		BID ITEM SUMMARY			
				Unit Price	Amount	Unit Price	Amount	Min Unit Price	Max Unit Price	Avg Unit Price	Coefficient of Variation
1	Bonding, Mobilization and Insurance	1	LS	\$100,000.00	\$100,000.00	\$80,000.00	\$80,000.00	\$26,250.00	\$100,000.00	\$59,084.55	0.33
2	Stormwater Pollution Prevention Plan (SW3P)	1	LS	\$10,000.00	\$10,000.00	\$2,500.00	\$2,500.00	\$500.00	\$35,000.00	\$7,475.00	1.33
3	Construction Materials Testing	1	LS	\$10,000.00	\$10,000.00	\$50,000.00	\$50,000.00	\$500.00	\$50,000.00	\$12,888.64	0.43
4	Traffic Control	1	LS	\$28,000.00	\$28,000.00	\$10,000.00	\$10,000.00	\$1,150.00	\$35,000.00	\$15,478.41	0.7
5	Mulch Sock	5,575	LF	\$6.75	\$37,631.25	\$12.00	\$66,900.00	\$3.00	\$16.00	\$7.72	0.45
6	Tree Protection	2,135	LF	\$3.50	\$7,472.50	\$2.50	\$5,337.50	\$2.50	\$6.00	\$3.81	0.28
7	Stabilized Construction Entrance	1	LS	\$3,600.00	\$3,600.00	\$2,500.00	\$2,500.00	\$1,000.00	\$3,600.00	\$1,839.77	0.43
8	Trench & Excavation Safety	6,530	LF	\$0.50	\$3,265.00	\$2.00	\$13,060.00	\$0.10	\$2.00	\$1.20	0.57
9	12-Inch C-900 DR-14 PVC Waterline	4,600	LF	\$131.00	\$602,600.00	\$120.00	\$552,000.00	\$73.00	\$131.00	\$104.46	0.2
10	12-Inch Ductile Iron Pipe (Class 350 Min.)	400	LF	\$150.00	\$60,000.00	\$150.00	\$60,000.00	\$93.00	\$175.00	\$138.38	0.2
11	8-Inch C-900 DR-14 PVC Waterline	1,430	LF	\$122.00	\$174,460.00	\$95.00	\$135,850.00	\$55.00	\$122.00	\$87.35	0.25
12	8-Inch Ductile Iron Pipe (Class 350 Min.)	80	LF	\$140.00	\$11,200.00	\$125.00	\$10,000.00	\$76.00	\$160.00	\$121.60	0.25
13	6-Inch C-900 DR-14 PVC Waterline	20	LF	\$137.00	\$2,740.00	\$85.00	\$1,700.00	\$60.00	\$180.00	\$108.22	0.32
14	12-Inch Gate Valve w/ Valve Box	5	EA	\$2,175.00	\$10,875.00	\$3,200.00	\$16,000.00	\$2,100.00	\$3,200.00	\$2,499.32	0.11
15	8-Inch Gate Valve w/ Valve Box	5	EA	\$1,300.00	\$6,500.00	\$1,680.00	\$8,400.00	\$1,200.00	\$2,000.00	\$1,567.22	0.18
16	6-Inch Gate Valve w/ Valve Box	1	EA	\$1,000.00	\$1,000.00	\$1,250.00	\$1,250.00	\$950.00	\$1,600.00	\$1,244.60	0.2
17	12" Heavy Duty Tapping Sleeve & Gate Valve	1	EA	\$6,600.00	\$6,600.00	\$10,000.00	\$10,000.00	\$3,200.00	\$10,000.00	\$7,702.50	0.22
18	Concrete Retards	10	EA	\$950.00	\$9,500.00	\$2,500.00	\$25,000.00	\$100.00	\$2,500.00	\$776.82	0.46
19	Connection to Existing 12-Inch Waterline	2	EA	\$5,825.00	\$11,650.00	\$10,000.00	\$20,000.00	\$1,200.00	\$10,000.00	\$3,230.91	0.46
20	Connection to Existing 8-Inch Waterline	1	EA	\$5,400.00	\$5,400.00	\$8,500.00	\$8,500.00	\$800.00	\$8,500.00	\$2,868.64	0.49
21	Connection to Existing 6-Inch Waterline	1	EA	\$6,000.00	\$6,000.00	\$8,000.00	\$8,000.00	\$600.00	\$8,000.00	\$2,713.41	0.58
22	Fire Hydrant Assembly	13	EA	\$5,300.00	\$68,900.00	\$7,500.00	\$97,500.00	\$4,400.00	\$7,500.00	\$4,978.41	0.06
23	2" Air/Vacuum Combination Release Valve	3	EA	\$3,700.00	\$11,100.00	\$5,000.00	\$15,000.00	\$2,200.00	\$5,000.00	\$3,132.95	0.18
24	Single Water Service	23	EA	\$1,900.00	\$43,700.00	\$3,500.00	\$80,500.00	\$1,300.00	\$3,500.00	\$1,788.75	0.12
25	Double Water Service	7	EA	\$2,200.00	\$15,400.00	\$4,500.00	\$31,500.00	\$1,430.00	\$4,500.00	\$2,102.72	0.13
26	Pavement Repair	19,300	SY	\$12.70	\$245,110.00	\$13.40	\$258,620.00	\$11.25	\$19.50	\$13.38	0.19
27	Striping	7,625	LF	\$1.85	\$14,106.25	\$1.55	\$11,818.75	\$1.40	\$8.00	\$3.03	0.78
28	Revegetation	1	LS	\$10,000.00	\$10,000.00	\$20,000.00	\$20,000.00	\$2,000.00	\$30,000.00	\$13,699.09	0.63
TOTAL BASE BID (ITEMS 1 - 28)				\$1,516,810.00		\$1,601,936.25					

Values in red-italics represent corrections from the values listed in the Bid Proposal submitted.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
WILD CHERRY EFFLUENT LINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:30 P.M.**

Item #	Item	Quantity	Unit	WPM Construction Services		Nelson Lewis, Inc.		DeNucci Constructors, LLC.	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	Bonding, Mobilization and Insurance	1	LS	\$9,400.00	\$9,400.00	\$9,500.00	\$9,500.00	\$8,000.00	\$8,000.00
2	Storm Water Pollution Prevention Plan (SW3P)	1	LS	\$1,950.00	\$1,950.00	\$5,000.00	\$5,000.00	\$3,000.00	\$3,000.00
3	Construction Materials Testing	1	LS	\$13,000.00	\$13,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
4	Traffic Control	1	LS	\$550.00	\$550.00	\$6,000.00	\$6,000.00	\$9,000.00	\$9,000.00
5	Mulch Sock	718	LF	\$6.50	\$4,667.00	\$5.00	\$3,590.00	\$16.00	\$11,488.00
6	Mulch Sock or Silt Fence	470	LF	\$2.30	\$1,081.00	\$5.00	\$2,350.00	\$9.00	\$4,230.00
7	Tree Protection	275	LF	\$3.50	\$962.50	\$8.00	\$2,200.00	\$6.00	\$1,650.00
8	Stabilized Construction Entrance	1	LS	\$1,500.00	\$1,500.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00
9	Trench and Excavation Safety	1,465	LF	\$1.00	\$1,465.00	\$2.00	\$2,930.00	\$2.00	\$2,930.00
10	6-Inch C-900 DR-14 PVC Effluent Line	1,465	LF	\$68.00	\$99,620.00	\$60.00	\$87,900.00	\$45.00	\$65,925.00
11	6-Inch Gate Valve with Valve Box	2	EA	\$950.00	\$1,900.00	\$1,200.00	\$2,400.00	\$1,400.00	\$2,800.00
12	Connection to Existing 6-Inch Effluent Line	2	EA	\$2,000.00	\$4,000.00	\$3,000.00	\$6,000.00	\$1,200.00	\$2,400.00
13	2" Combination Air/Vacuum Release Valve	1	EA	\$1,900.00	\$1,900.00	\$4,000.00	\$4,000.00	\$2,200.00	\$2,200.00
14	Concrete Retards	19	EA	\$300.00	\$5,700.00	\$500.00	\$9,500.00	\$600.00	\$11,400.00
15	W.C.&I.D. No. 17 Standard Markers	5	EA	\$85.00	\$425.00	\$200.00	\$1,000.00	\$150.00	\$750.00
16	16" Steel Encasement & Spacers	25	LF	\$63.00	\$1,575.00	\$275.00	\$6,875.00	\$210.00	\$5,250.00
17	Pavement Repair	2,005	SY	\$14.50	\$29,072.50	\$15.00	\$30,075.00	\$21.00	\$42,105.00
18	Striping	750	LF	\$8.00	\$6,000.00	\$8.00	\$6,000.00	\$8.00	\$6,000.00
19	Revegetation	1	LS	\$4,000.00	\$4,000.00	\$2,500.00	\$2,500.00	\$12,000.00	\$12,000.00
TOTAL BASE BID (ITEMS 1 - 19)					\$188,768.00		\$193,020.00		\$196,328.00

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**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
WILD CHERRY EFFLUENT LINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:30 P.M.**

Item #	Item	Quantity	Unit	Prota Construction, Inc.		Smith Contracting Co., Inc.		Qro Mex Construction Co., Inc.	
				Unit Price	Amount	Unit Price	Amount	Unit Price	Amount
1	Bonding, Mobilization and Insurance	1	LS	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$14,000.00	\$14,000.00
2	Storm Water Pollution Prevention Plan (SW3P)	1	LS	\$500.00	\$500.00	\$2,000.00	\$2,000.00	\$12,000.00	\$12,000.00
3	Construction Materials Testing	1	LS	\$1,000.00	\$1,000.00	\$3,500.00	\$3,500.00	\$9,000.00	\$9,000.00
4	Traffic Control	1	LS	\$5,180.00	\$5,180.00	\$5,000.00	\$5,000.00	\$15,000.00	\$15,000.00
5	Mulch Sock	718	LF	\$3.00	\$2,154.00	\$8.50	\$6,103.00	\$12.00	\$8,616.00
6	Mulch Sock or Silt Fence	470	LF	\$3.00	\$1,410.00	\$8.50	\$3,995.00	\$5.00	\$2,350.00
7	Tree Protection	275	LF	\$3.00	\$825.00	\$2.75	\$756.25	\$15.00	\$4,125.00
8	Stabilized Construction Entrance	1	LS	\$1,500.00	\$1,500.00	\$1,000.00	\$1,000.00	\$3,000.00	\$3,000.00
9	Trench and Excavation Safety	1,465	LF	\$0.25	\$366.25	\$1.00	\$1,465.00	\$3.50	\$5,127.50
10	6-Inch C-900 DR-14 PVC Effluent Line	1,465	LF	\$92.00	\$134,780.00	\$90.00	\$131,850.00	\$92.00	\$134,780.00
11	6-Inch Gate Valve with Valve Box	2	EA	\$2,000.00	<i>\$4,000.00</i>	\$1,200.00	\$2,400.00	\$1,200.00	\$2,400.00
12	Connection to Existing 6-Inch Effluent Line	2	EA	\$3,000.00	\$6,000.00	\$1,800.00	\$3,600.00	\$2,500.00	\$5,000.00
13	2" Combination Air/Vacuum Release Valve	1	EA	\$4,000.00	\$4,000.00	\$2,300.00	\$2,300.00	\$3,000.00	\$3,000.00
14	Concrete Retards	19	EA	\$75.00	\$1,425.00	\$350.00	\$6,650.00	\$750.00	\$14,250.00
15	W.C.&I.D. No. 17 Standard Markers	5	EA	\$100.00	\$500.00	\$110.00	\$550.00	\$250.00	<i>\$1,250.00</i>
16	16" Steel Encasement & Spacers	25	LF	\$100.00	\$2,500.00	\$80.00	\$2,000.00	\$250.00	\$6,250.00
17	Pavement Repair	2,005	SY	\$14.00	\$28,070.00	\$14.75	\$29,573.75	\$25.00	\$50,125.00
18	Striping	750	LF	\$6.00	\$4,500.00	\$1.50	\$1,125.00	\$10.00	\$7,500.00
19	Revegetation	1	LS	\$2,289.75	\$2,289.75	\$3,000.00	\$3,000.00	\$8,000.00	\$8,000.00
TOTAL BASE BID (ITEMS 1 - 19)					<i>\$211,000.00</i>		<i>\$216,868.00</i>		<i>\$305,773.50</i>

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**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 17
WILD CHERRY EFFLUENT LINE IMPROVEMENTS PROJECT
BID TABULATION
JUNE 8, 2017 - 2:30 P.M.**

Item #	Item	Quantity	Unit	Central Road and Utility, Ltd.		Austin Engineering Co., Inc.		BID ITEM SUMMARY			
				Unit Price	Amount	Unit Price	Amount	Min Unit Price	Max Unit Price	Avg Unit Price	Coefficient of Variation
1	Bonding, Mobilization and Insurance	1	LS	\$11,482.50	\$11,482.50	\$5,200.00	\$5,200.00	\$5,200.00	\$14,000.00	\$9,697.81	0.26
2	Storm Water Pollution Prevention Plan (SW3P)	1	LS	\$4,027.20	\$4,027.20	\$4,000.00	\$4,000.00	\$500.00	\$12,000.00	\$4,059.65	0.87
3	Construction Materials Testing	1	LS	\$5,753.10	\$5,753.10	\$8,500.00	\$8,500.00	\$1,000.00	\$13,000.00	\$6,094.14	0.63
4	Traffic Control	1	LS	\$11,506.20	\$11,506.20	\$4,500.00	\$4,500.00	\$550.00	\$15,000.00	\$7,092.03	0.64
5	Mulch Sock	718	LF	\$8.60	\$6,174.80	\$8.00	\$5,744.00	\$3.00	\$16.00	\$8.45	0.48
6	Mulch Sock or Silt Fence	470	LF	\$8.60	\$4,042.00	\$8.00	\$3,760.00	\$2.30	\$9.00	\$6.18	0.43
7	Tree Protection	275	LF	\$5.80	\$1,595.00	\$4.00	\$1,100.00	\$2.75	\$15.00	\$6.01	0.67
8	Stabilized Construction Entrance	1	LS	\$2,013.60	\$2,013.60	\$1,800.00	\$1,800.00	\$1,000.00	\$3,000.00	\$1,651.70	0.39
9	Trench and Excavation Safety	1,465	LF	\$2.30	\$3,369.50	\$1.00	\$1,465.00	\$0.25	\$3.50	\$1.63	0.63
10	6-Inch C-900 DR-14 PVC Effluent Line	1,465	LF	\$124.40	\$182,246.00	\$140.00	\$205,100.00	\$45.00	\$140.00	\$88.93	0.36
11	6-Inch Gate Valve with Valve Box	2	EA	\$1,873.40	\$3,746.80	\$1,570.00	\$3,140.00	\$950.00	\$2,000.00	\$1,424.18	0.26
12	Connection to Existing 6-Inch Effluent Line	2	EA	\$1,194.50	\$2,389.00	\$1,200.00	\$2,400.00	\$1,194.50	\$3,000.00	\$1,986.81	0.39
13	2" Combination Air/Vacuum Release Valve	1	EA	\$2,494.70	\$2,494.70	\$3,900.00	\$3,900.00	\$1,900.00	\$4,000.00	\$2,974.34	0.3
14	Concrete Retards	19	EA	\$344.80	\$6,551.20	\$850.00	\$16,150.00	\$75.00	\$850.00	\$471.23	0.54
15	W.C.&I.D. No. 17 Standard Markers	5	EA	\$97.70	\$488.50	\$300.00	\$1,500.00	\$85.00	\$300.00	\$161.59	0.5
16	16" Steel Encasement & Spacers	25	LF	\$218.40	\$5,460.00	\$120.00	\$3,000.00	\$63.00	\$275.00	\$164.55	0.5
17	Pavement Repair	2,005	SY	\$19.60	<i>\$39,298.00</i>	\$20.00	\$40,100.00	\$14.00	\$25.00	\$17.98	0.22
18	Striping	750	LF	\$11.50	\$8,625.00	\$10.00	\$7,500.00	\$1.50	\$11.50	\$7.88	0.39
19	Revegetation	1	LS	\$12,069.10	\$12,069.10	\$25,000.00	\$25,000.00	\$2,289.75	\$25,000.00	\$8,607.36	0.9
TOTAL BASE BID (ITEMS 1 - 19)				\$313,332.20		\$343,859.00					

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