

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1
(Hays and Travis Counties, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: FEBRUARY 1, 2013

\$4,755,000
UNLIMITED TAX ROAD BONDS
SERIES 2013

BIDS TO BE SUBMITTED: 10:30 A.M., AUSTIN, TEXAS TIME
THURSDAY, MARCH 7, 2013



RBC Capital Markets®

Financial Advisor

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 1, 2013

This Preliminary Official Statement is subject to completion and amendment, as provided in the Official Notice of Sale, and is intended for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter (hereinafter defined).

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

The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "QUALIFIED TAX-EXEMPT OBLIGATIONS"

NEW ISSUE - Book-Entry-Only

\$4,755,000

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

(A Political Subdivision of the State of Texas, located within Hays and Travis Counties)

UNLIMITED TAX ROAD BONDS, SERIES 2013

Interest accrues from: March 1, 2013

Due: September 1, as shown below

The \$4,755,000 Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2013 (the "Bonds") are obligations of Sunfield Municipal Utility District No. 1 (the "District") and are not obligations of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company N.A., Dallas, Texas, or any successor Paying Agent/Registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System." Principal of the Bonds is payable to the Registered Owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds is payable on September 1, 2013, and each March 1 and September 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such persons and the Paying Agent/Registrar. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)
2014	\$100,000	___%	___%	2027(b)	\$190,000	___%	___%
2015	105,000	___%	___%	2028(b)	200,000	___%	___%
2016	110,000	___%	___%	2029(b)	205,000	___%	___%
2017	115,000	___%	___%	2030(b)	220,000	___%	___%
2018	120,000	___%	___%	2031(b)	230,000	___%	___%
2019(b)	125,000	___%	___%	2032(b)	240,000	___%	___%
2020(b)	135,000	___%	___%	2033(b)	250,000	___%	___%
2021(b)	140,000	___%	___%	2034(b)	265,000	___%	___%
2022(b)	145,000	___%	___%	2035(b)	280,000	___%	___%
2023(b)	155,000	___%	___%	2036(b)	290,000	___%	___%
2024(b)	160,000	___%	___%	2037(b)	305,000	___%	___%
2025(b)	170,000	___%	___%	2038(b)	320,000	___%	___%
2026(b)	180,000	___%	___%				

- (a) The initial reoffering yield has been provided by the Underwriter and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may subsequently be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from March 1, 2013 is to be added to the price.
- (b) The Bonds maturing on September 1, 2019 and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from to time in part, on September 1, 2018, or any date thereafter at a price equal to the par value thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Optional Redemption."

The Bonds constitute the third series of unlimited tax road bonds issued by the District. Voters of the District have previously authorized \$21,660,000 principal amount of unlimited tax bonds for roads; \$48,990,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities; and \$5,995,000 of unlimited tax bonds for parks and recreational facilities. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against taxable property within the District.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats, Rose, Yale, Ryman & Lee, P.C., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Fulbright & Jaworski L.L.P., Houston, Texas, Disclosure Counsel. The Bonds in definitive form are expected to be available for delivery in Dallas, Texas, on or about April 4, 2013. See "LEGAL MATTERS."

**BIDS TO BE SUBMITTED: 10:30 A.M., AUSTIN, TEXAS TIME
THURSDAY, MARCH 7, 2013**

**BIDS TO BE AWARDED: 11:30 A.M., AUSTIN, TEXAS TIME
THURSDAY, MARCH 7, 2013**

This Preliminary Official Statement and the Information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any 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.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from RBC Capital Markets, LLC, 1001 Fannin, 1200 First City Tower, Houston, Texas 77002, the Financial Advisor to the District.

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 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 Underwriter, and thereafter only as specified in "SOURCES OF INFORMATION - Updating of Official Statement" and "CONTINUING DISCLOSURE."

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
USE OF INFORMATION IN OFFICIAL STATEMENT ..	1	Approval from the City of Buda.....	14
SALE AND DISTRIBUTION OF THE BONDS	3	Approval of the Bonds.....	14
Underwriting	3	THE BONDS.....	14
Prices and Marketability	3	General.....	14
Securities Laws	3	Book-Entry-Only System	15
MUNICIPAL BOND INSURANCE AND RATING	3	Use of Certain Terms in Other Sections of	
OFFICIAL STATEMENT SUMMARY	4	this Official Statement	16
INTRODUCTION	9	Registration, Transfer and Exchange	16
RISK FACTORS	9	Mutilated, Lost, Stolen or Destroyed	
General	9	Bonds	17
Economic Factors Affecting Taxable		Authority for Issuance	17
Values and Tax Payments.....	9	Source of Payment.....	17
Tax Collections and Foreclosure Remedies		Optional Redemption.....	18
.....	10	Consolidation.....	18
Registered Owners' Remedies.....	11	Defeasance	18
Future Debt.....	11	Issuance of Additional Debt	19
Proposed Legislation	12	Amendments to the Bond Order.....	19
Competitive Nature of Austin Residential		Legal Investment and Eligibility to Secure	
Commercial/Industrial Market.....	13	Public Funds in Texas	19
Obligations to Guadalupe-Blanco River		Use and Distribution of Bond Proceeds	20
Authority	13	DISTRICT DEBT	21
Marketability of the Bonds.....	13	General.....	21
Bankruptcy Limitation to Registered		Estimated Overlapping Debt	22
Owners' Rights	13	Debt Ratios	22
Continuing Compliance with Certain		Pro-Forma Debt Service Requirements.....	23
Covenants.....	14	TAXING PROCEDURES	24

Authority to Levy Taxes	24
Property Tax Code and County-Wide	
Appraisal District	24
Property Subject to Taxation by the	
District	25
Tax Abatement	25
Valuation of Property for Taxation	26
Notice and Hearing Procedures	26
District and Taxpayer Remedies	26
Levy and Collection of Taxes	26
District's Rights in the Event of Tax	
Delinquencies	27
TAX DATA	27
General	27
Tax Rate Limitation	28
Historical Tax Collections	28
Tax Rate Distribution	28
Analysis of Tax Base	28
Principal Taxpayers	29
Tax Rate Calculations	29
Estimated Overlapping Taxes	30
THE DISTRICT	30
General	30
Description	31
Management of the District	31
Strategic Partnership Agreement and	
Economic Development Agreement	32
DEVELOPMENT STATUS OF THE DISTRICT	33
SUNFIELD	34
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	35
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT	36
THE DEVELOPER	37
The Role of a Developer	37
The Developer	37
Funding	37
Lot Sales Contracts	37
Developer Financials	37
THE SYSTEM	38
Regulation	38
Description of the System	38
LEGAL MATTERS	40
Legal Opinions	40
No-Litigation Certificate	41
No Material Adverse Change	41
TAX EXEMPTION	41
TAX ACCOUNTING TREATMENT OF ORIGINAL	
ISSUE DISCOUNT AND PREMIUM	42
QUALIFIED TAX-EXEMPT OBLIGATIONS	43
CONTINUING DISCLOSURE	43
Annual Reports	43
Material Event Notices	44
Availability of Information from MSRB	44
Limitations and Amendments	44
Compliance with Prior Undertakings	45
SOURCES OF INFORMATION	45
General	45
Experts	45
Updating of Official Statement	46
Official Statement "Deemed Final"	46

Certification as to Official Statement	46
Concluding Statement	47

APPENDIX A - Financial Statements of the District	
APPENDIX B - Financial Statements of the Developer	

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, which was tendered by _____ (referred to herein as the “Underwriter”). The Underwriter has agreed to purchase the Bonds, bearing the interest rates on the cover page of this Official Statement, at a price of _____% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of _____%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER - ALLOT OR EFFECT TRANSACTIONS 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.

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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 jurisdictions. 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 offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should 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 jurisdictions.

MUNICIPAL BOND INSURANCE AND RATING

An application has not been made for either a commitment to issue a policy of municipal bond guaranty insurance or a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving municipal bond insurance or an investment grade rating.

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

- The Issuer Sunfield Municipal Utility District No. 1 (“District”), a political subdivision of the State of Texas, is located partially within the limited purpose corporate limits and wholly in the extraterritorial jurisdiction of the City of Buda in Hays and Travis Counties, approximately 15 miles south of the City of Austin. The District is part of the approximately 2,790 acre master-planned community being marketed as “Sunfield.” See “THE DISTRICT.”
- The Issue..... \$4,755,000 Unlimited Tax Road Bonds, Series 2013 (the “Bonds”). Interest accrues from March 1, 2013, and the Bonds mature in serial installments on September 1, 2014 through September 1, 2038, inclusive. Interest is payable September 1, 2013, and on each March 1 and September 1 thereafter until maturity or prior redemption. Bonds maturing on or after September 1, 2019, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2018, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See “THE BONDS – General” and “- Optional Redemption.”
- Authority for Issuance The Bonds are the third series of bonds issued out of an aggregate of \$21,660,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of purchasing, constructing, acquiring and maintaining a road system inside the District. Such bonds are authorized by certain legislation adopted relative to the District, the Bond Order, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, an election held within the District and the general laws of the State of Texas. See “THE BONDS – Authority for Issuance, and – Issuance of Additional Debt.”
- Source of Payment..... Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Hays County, Travis County, the City of Buda or any entity other than the District. See “THE BONDS – Source of Payment.”
- Principal Use of Proceeds..... Proceeds from the sale of the Bonds will be used redeem the \$4,000,000 Bond Anticipation Note, Series 2012, proceeds of which were used to reimburse the Developer (hereinafter defined) for the construction, engineering, testing and land acquisition costs of paving improvements of Phase 1, Section 2; Fire Station Road Phase 3, Section 1; and Fire Cracker Road Phase 1, Section 3 and engineering and administrative fees of paving improvements for Phase 2, Section 1. Additionally, proceeds from the Bonds will be used to pay 12-months of capitalized interest on the Bonds, and certain costs of issuance of the Bonds.

Qualified Tax-Exempt Obligations The District will designate the Bonds as “qualified tax-exempt obligations” pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by the District during calendar year 2013 is not reasonably expected to exceed \$10,000,000. See “QUALIFIED TAX-EXEMPT OBLIGATIONS.”

Payment Record..... The Bonds represent the third series of bonds issued by the District. The first twelve (12) months of interest are being set aside from the proceeds of the Bonds. See “THE BONDS – Source of Payment.”

Legal Opinion..... Coats, Rose, Yale, Ryman & Lee, P.C., Dallas, Texas, Bond Counsel. See “LEGAL MATTERS.”

Financial Advisor RBC Capital Markets, LLC, Houston, Texas.

THE DISTRICT

Description Sunfield Municipal Utility District No. 1 (“District”), a political subdivision of the State of Texas, is located partially within the limited purpose corporate limits and wholly in the extraterritorial jurisdiction of the City of Buda in Hays and Travis Counties, approximately 15 miles south of the City of Austin. It is bordered on the north by Turnersville Road, on the south by Farm-to-Market Road 2001 and is adjacent to Firecracker Road. The District is located in both the Hays Consolidated Independent School District and Austin Independent School District. See “THE DISTRICT – General, and - Description.”

Sunfield The District is part of the approximately 2,790 acre master-planned community of “Sunfield.” Sunfield is comprised of the District, Sunfield Municipal Utility District No. 2 (“SMUD No. 2”), Sunfield Municipal Utility District No. 3 (“SMUD No. 3”), and Sunfield Municipal Utility District No. 4 (“SMUD No. 4”, collectively referred to as the “Sunfield Districts”). See “SUNFIELD.”

Status of Development Within the District.... The District contains approximately 680.40 acres. There are approximately 217.185 acres fully developed with water, sewer, drainage and road facilities. Of the developed acres, the District contains approximately 95.355 acres of residential development and approximately 121.83 acres for retail, industrial and multi-family use. As of January 1, 2013, single-family residential development within the District included 206 completed homes, 18 homes under construction and 124 vacant, developed lots. U.S. Foods has purchased a 40-acre site on which it has constructed a 277,000 square-foot office, dry food storage, refrigerated food storage and freezer food storage facility and a 10,000 square-foot maintenance facility. Tractor Supply purchased 3.815 acres on which it has constructed a 19,100 square foot store. Multi-family development within the District includes Tuscany Apartments (196 units on 13 acres) which are currently 95% leased, and The Huntington Senior Living apartments (120 units on 5.81 acres) which are currently 90% leased. The District also contains a Burger King and a convenience store. The remaining land in the District

consists of approximately 454.585 undeveloped but developable acres and approximately 8.63 undevelopable acres. See “DEVELOPMENT STATUS OF THE DISTRICT.”

Status of Development within Sunfield..... All of the development within Sunfield has occurred within the District. See “SUNFIELD.”

The Developer The principal developer of land within the District is 2428 Partners, LP, a Texas limited partnership (the “Developer”). The partnership is comprised of 2428 Management, LLC, general partner, and IHP Fund III, LLC, limited partner. The District is managed by Scarborough Sunfield, LLC, a third-party management company controlled by James R. Feagin and Jack T. Tate. The Developer currently owns approximately 463 acres in the District as well as approximately 1,706.89 acres in the remainder of Sunfield. See “THE DEVELOPER.”

Homebuilders Within the District..... Homebuilders active within the District include Centex Homes and Castle Rock Homes. Home prices range from \$130,000 to \$260,000. See “DEVELOPMENT STATUS OF THE DISTRICT.”

Regional Facilities Sunfield Municipal Utility District No. 4 (the “Master District”) is the municipal utility district that has contracted with the District and the other Sunfield Districts to extend regional water, sanitary sewer and drainage facilities to Sunfield (collectively, the “Master District Facilities”). The District lies within areas certificated to Goforth Special Utility District for the providing of retail water service which it does pursuant to agreements with the Master District and the District. See “THE SYSTEM.”

Agreements with Guadalupe-Blanco River Authority Wholesale water is provided to Sunfield by the Guadalupe-Blanco River Authority (“GBRA”) which has issued bonds to extend such water facilities to Sunfield as well as water reservation for 3,136 acre feet in Canyon Lake. The Master District has contracted to pay the debt service on the bonds issued to construct the facilities serving Sunfield. For the fiscal year ending September 30, 2012 the debt service and reservation fees allocable to Sunfield was \$1.68 million and the payments allocable to Sunfield for the fiscal year ending September 30, 2013 are estimated at \$1.50 million. Such payments are secured by the unlimited taxing authority of the Sunfield Districts. However, payments currently are being made from monies advanced to the Master District by the Developer. See “THE SYSTEM” and “RISK FACTORS.”

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “RISK FACTORS.”

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2012 Assessed Valuation	\$62,207,243 (a)
(100% of market value as of January 1, 2012)	
Estimated Valuation as of January 1, 2013.....	\$79,933,147 (b)
(100% of market value as of January 1, 2013)	
Direct Debt:	
The Outstanding Bonds.....	\$ 5,425,000
The Bonds	<u>4,755,000</u>
Total.....	\$10,180,000
Estimated Overlapping Debt.....	<u>\$ 6,613,640 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$16,793,640</u>
Ratio of Direct Debt to..... 2012 Assessed Valuation (\$62,207,243)	16.36 %
Estimated Valuation as of January 1, 2013 (\$79,933,147).....	12.74 %
Ratio of Direct and Estimated Overlapping Debt to..... 2012 Assessed Valuation (\$62,207,243)	27.00 %
Estimated Valuation as of January 1, 2013 (\$79,933,147).....	21.01 %
Debt Service Fund Balance (as of September 28, 2012).....	\$ 232,985 (d)
General Fund Balance (as of September 28, 2012).....	\$ 287,645
2012 Tax Rate	
Road Debt Service.....	\$0.66 (e)
Maintenance & Operation	<u>0.24</u>
Total.....	\$0.90
Average Annual Debt Service Requirements (2013 – 2038).....	\$ 689,632 (f)
Maximum Annual Debt Service Requirements (2035).....	\$ 781,875 (f)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2013 – 2038) at 95% Tax Collections Based Upon the 2012 Assessed Valuation (\$62,207,243).....	\$1.17
Based Upon Estimated Valuation as of January 1, 2013 (\$79,933,147)	\$0.91
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds (2035) at 95% Tax Collections Based Upon the 2012 Assessed Valuation (\$62,207,243).....	\$1.33
Based Upon Estimated Valuation as of January 1, 2013 (\$79,933,147)	\$1.03
Single-Family Homes (including 18 homes under construction) as of January 1, 2013.....	224
Tax Rate Necessary to Fund Annual Payment to the Guadalupe-Blanco River Authority Based Upon 2012 Assessed Valuation of the Sunfield Districts (\$62,403,141).....	\$2.54 (e)(g)
Based Upon Estimated Valuation as of January 1, 2013 of the Sunfield Districts(\$80,129,045)	\$1.98 (e)(g)

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- (a) As certified by the Hays Central Appraisal District and the Travis Central Appraisal District (collectively, "Appraisal Districts"). See "TAXING PROCEDURES."
 - (b) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2013, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through December 31, 2012. No taxes will be levied against this amount. See "TAXING PROCEDURES."
 - (c) See "DISTRICT DEBT – Estimated Overlapping Debt." In addition to the Estimated Overlapping Debt, the Sunfield Districts are liable to the Guadalupe-Blanco River Authority for water capacity. See "RISK FACTORS – Obligations to Guadalupe-Blanco River Authority."
 - (d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. At the time of closing, 12-months of capitalized interest on the Bonds and accrued interest from March 1, 2013, to the date of delivery will be deposited to this fund.
 - (e) The District is authorized to levy separate debt service taxes for road debt and wastewater and sewer debt, both of which are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance." The District is also authorized to levy a contract tax, unlimited as to rate or amount, to support its obligations to the Master District. See "TAX DATA."
 - (f) Debt service on the Bonds is estimated at an average interest rate of 5.00%. See "DISTRICT DEBT – Debt Service Requirements."
 - (g) See "RISK FACTORS – Obligations to Guadalupe-Blanco River Authority" and "TAX DATA."

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Sunfield Municipal Utility District No. 1 (the “District”), of its \$4,755,000 Unlimited Tax Road Bonds, Series 2013 (the “Bonds”).

The Bonds are issued pursuant to (i) certain legislation enacted relative to the District, (ii) the Bond Order (“Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds, (iii) the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended, and (iv) an election held within the District on September 22, 2007.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

RISK FACTORS

General

The Bonds are obligations of the District and are NOT obligations of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda, Texas; or any political subdivision other than the District. The Bonds are secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See “THE BONDS – Source of Payment.” The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Economic Factors Affecting Taxable Values and Tax Payments

The rate of development within the District is directly related to the vitality of the single-family and multi-family housing, commercial and industrial markets in the Austin metropolitan area. The Developer’s ability to successfully market property in the District can be affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of construction would restrict the growth of property values in the District. Although 26 single-family homes are under construction, the District cannot predict the pace or magnitude of any future development in the District. See “DEVELOPMENT STATUS OF THE DISTRICT.”

Developer’s Obligations to the District: There is no commitment by or legal requirement of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home or commercial construction activity in the District. Failure to construct taxable improvements on developed lots and commercial tracts would restrict the rate of growth of taxable values in the District and result in higher tax rates. See “DEVELOPMENT STATUS OF THE DISTRICT” and “THE DEVELOPER.”

Concentration of Tax Base: The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA - Principal Taxpayers," the District's ten principal taxpayers in 2012 owned property located in the District, the aggregate Assessed Valuation of which comprised approximately 79.64% of the District's total Assessed Valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Moreover, U.S. Foods recently completed construction of a major facility in the District, which will represent a significant portion of the District's assessed valuation for the foreseeable future. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due, or a decline in the District's tax base due to a diminution of the personal property component thereof as described above, may have an adverse affect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements. See "APPENDIX A - FINANCIAL STATEMENTS OF THE DISTRICT."

Recent Events in Real Estate Market: In the past several years, the housing and mortgage markets in most parts of the United States have been under pressure due to many economic factors, including the tightening of credit standards, reduction of access to mortgage capital, and interest rate adjustments on many adjustable rate mortgages which have caused property owners to default on their mortgages. Foreclosures have increased to record levels as a result of these factors, and residential property values in most areas of the country have generally declined. Through the 2012 certified value, such downturn has not had a significant effect in the District. However, Hays and Travis Counties areas have experienced reduced levels of home construction. The District cannot predict what impact, if any, a continued downturn in the national and local housing market may have on the area market and assessed values in the District.

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2012 Assessed Valuation of property within the District (see "FINANCIAL STATEMENT"), is \$62,207,243; and the Estimated Valuation as of January 1, 2013 is \$79,933,147. After issuance of the Bonds, the maximum annual debt service requirement will be \$781,875 (2035) and the average annual debt service requirement will be \$689,632 (2013 through 2038 inclusive). Assuming no increase nor decrease from the 2012 Assessed Valuation, a tax rate of \$1.33 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$781,875 and a tax rate of \$1.17 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirements of \$689,632 (see "DISTRICT DEBT - Debt Service Requirements"). Assuming no increase to nor decrease from the Estimated Valuation as of January 1, 2013, tax rates of \$1.03 and \$0.91 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement on the Bonds, respectively. The District levied a 2012 debt service tax rate of \$0.66 per \$100 of assessed valuation and a maintenance tax rate of \$0.24 per \$100 of assessed valuation.

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and 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 proceedings against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property.

Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "TAX DATA - 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 after foreclosure). Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court recently ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. (See, e.g., *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (2006).) Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See "THE BONDS - Registered Owners' Remedies."

Future Debt

Following the issuance of the Bonds, the District will have \$11,480,000 in authorized but unissued unlimited tax bonds for road purposes; \$48,990,000 authorized but unissued bonds for water, sanitary sewer and drainage purposes; and \$5,995,000 authorized but unissued bonds for park and recreational facilities. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for and the investment quality and value of the Bonds. Following the issuance of the Bonds, the District will owe the Developer approximately \$10,000,000 for the existing water, sewer, drainage facilities, road infrastructure and recreational facilities. See "DEVELOPMENT STATUS OF THE DISTRICT."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Murfee Engineering Company (the "Engineer"), following the issuance of the Bonds, the remaining principal amount of authorized but unissued bonds will be sufficient to fully reimburse the Developer for the existing facilities and finance the water, sewer and drainage facilities, roads, park and recreational facilities necessary to serve the remaining undeveloped but developable land within the District.

The District has entered into a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" with Sunfield Municipal Utility District No. 4 ("Master District") pursuant to which the Master District will provide the regional water, sanitary sewer and drainage facilities and capacities ("Master District Facilities") and each Sunfield District will pay its pro-rata share of such cost. From time to time, the Master District will issue its Contract Revenue Bonds and each Sunfield District will pay a portion of the debt service thereon based upon the amount of ad valorem tax base located within its boundaries.

Currently, the Master District owes the Developer approximately \$30,800,000 for the Master District Facilities. The Master District has no immediate plans to issue any bonds. See "THE SYSTEM."

Bonds issued by the District and the Master District for water, sewer and drainage facilities are subject to prior approval by the Texas Commission on Environmental Quality ("TCEQ"). Such agency has in place certain "economic feasibility rules" which for districts located in Hays and Travis Counties limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding \$1.20 per \$100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads currently are not subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of \$2.50 per \$100 valuation imposed by the Office of the Attorney General of Texas. See "SELECTED FINANCIAL INFORMATION."

In conjunction with granting its consent to the creation of the District, the City of Buda and the District entered into an Agreement Concerning Operation of the District which provides that the City must review and approve each issuance of Bonds by the District. In the event the Developer is in breach of certain agreements with the City the City may refuse to grant such consent until satisfactory arrangements are made with the City. The City has consented to the issuance of the Bonds. See "THE DISTRICT – Agreement Regarding Operation of the District."

Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. One such proposal is the American Jobs Act of 2011 (S.1549) (the "Jobs Bill") which was introduced in the Senate on September 13, 2011 at the request of the President. If enacted in its current form, the Jobs Bill could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Competitive Nature of Austin Residential Commercial/Industrial Market

The housing, commercial and industrial construction industry in the Austin area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The competitive position of the Developer and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Obligations to Guadalupe-Blanco River Authority

The Master District has entered into an "Agreement Regarding Wholesale Treated Water Service" with the Guadalupe-Blanco River Authority ("GBRA"). Pursuant to such agreement, GBRA currently provides wholesale water supply to the Master District. See "THE SYSTEM." GBRA is a regional provider of wholesale and retail water and wastewater services for areas located south of the City of Austin.

Water trunklines connecting the existing development within Sunfield to the GBRA waterlines have been constructed with monies advanced by the Developer. In 2004, the GBRA sold bonds and constructed a water line to the vicinity of Sunfield to serve the Sunfield Districts and other customers located in the vicinity of Sunfield. Each entity entitled to receive water service through such line is obligated to pay the debt service on such bonds. Currently, the Master District is obligated to pay approximately 34% of the debt service on such line. For the fiscal year ending September 30, 2012, the debt service on such line and water reservation fees paid by the Master District was \$1,680,000; and the debt service and water reservation fees for the fiscal year ending September 30, 2013 is projected to be approximately \$1,500,000. Such payments are being made monthly by the Master District with monies advanced by the Developer. Such obligation is further secured by the unlimited ad valorem taxing authority of the Sunfield Districts. The Master District is current with all payment obligations.

Based on the agreements between the Master District and the Sunfield Districts, if the Developer is unable to continue to make the payments to GBRA on behalf of the Master District, each of the Sunfield Districts would be required to make their pro-rata share of such payments based on their assessed valuation.

The 2012 assessed valuation of land located within the Sunfield Districts is \$62,403,141, and the Estimated Valuation as of January 1, 2013 is \$80,129,045. IN THE EVENT THE DEVELOPER AND/OR SUNFIELD DISTRICTS FAIL TO ADVANCE MONIES TO THE MASTER DISTRICT TO MAKE SUCH PAYMENTS, THE SUNFIELD DISTRICTS WOULD NEED TO LEVY A TAX OF \$2.54 PER \$100 VALUATION BASED UPON THE 2012 ASSESSED VALUATION, OR ALTERNATIVELY, A TAX RATE OF \$1.98 PER \$100 OF ASSESSED VALUATION BASED UPON THE ESTIMATED VALUATION AS OF JANUARY 1, 2013. SUCH TAX WOULD BE IN ADDITION TO THE TAX LEVIED TO PAY THE BONDS. A SIGNIFICANT PORTION OF THE AD VALOREM TAX BASE LOCATED WITHIN THE SUNFIELD DISTRICTS IS OWNED BY THE DEVELOPER. SEE "TAX DATA."

Marketability of the Bonds

The District has no understanding with the Underwriter 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. The rights and remedies of the Registered Owners could be adjusted in accordance with the confirmed plan of adjustment of the District's debt.

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 “LEGAL MATTERS - Tax Exemption.”

Approval from the City of Buda

Pursuant to an agreement with the City of Buda (the “City”), the District is required to receive the approval from the City prior to issuing bonds. The agreement stipulates that the City may deny such approval if certain road facilities are not constructed. Currently, not all such road facilities have been constructed. However, the City Council approved the issuance of the Bonds. The District makes no representation as to the likelihood of when the required road facilities will be constructed nor if the City will approve future bond issues with out such improvements.

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, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement. TCEQ approval of the Bonds is not required and, therefore, no engineering report or bond application has been submitted to the TCEQ and neither the Bonds, the project nor the feasibility of the District, will be reviewed, considered or approved by the TCEQ.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds (the “Bond Order”). A copy of the Bond Order may be obtained from the District upon request to Bond Counsel. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will mature on September 1 of the years and in principal amounts, and will bear interest from March 1, 2013, at the rates per annum, set forth on the cover page of this Official Statement. Interest on the Bonds will be payable September 1, 2013, and semiannually thereafter on each March 1 and September 1 until maturity or redemption. Bonds maturing on or after September 1, 2019, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2018, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a particular maturity are redeemed, the Paying Agent/Registrar shall select the particular Bonds to be redeemed by such random method as it deems fair and appropriate.

The Bonds will be issued only in fully registered form in any integral multiples of \$5,000 for any one maturity and will be initially registered and delivered only to The Depository Trust Company, New York, New York (“DTC”) in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the owners thereof. Initially, principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent” or the “Registrar”), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC 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 BONDS – Book-Entry-Only System.”

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners (“Registered Owners”) as shown on the bond register (the “Register”) kept by the Paying

Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owner at the risk and expense of such Registered Owner.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

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

DTC, the world's largest 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 Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's 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).

Principal and interest 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 Issuer or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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, certificates are required to be printed and delivered.

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

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 the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Registrar only upon presentation and surrender thereof to the Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the registered owner,

except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. A new Bond or Bonds will be delivered by the Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

<u>Election Date</u>	<u>Amount Authorized</u>	<u>Purpose</u>	<u>Amount Issued</u>	<u>Remaining Authorized But Unissued</u>
September 22, 2007	\$21,660,000	Roads	\$10,180,000(a)	\$11,480,000
May 12, 2007	\$48,990,000	Water, Sewer & Drainage	-0-	\$48,990,000
May 12, 2007	\$ 5,995,000	Parks & Recreation	-0-	\$ 5,995,000

(a) Includes the Bonds.

The Bonds are issued by the District pursuant to the terms and conditions of (i) the TCEQ order creating the District, (ii) the legislation authorizing the District to sell bonds for road improvements; (iii) the Bond Order, (iv) Article III, Section 52 of the Texas Constitution, (v) Chapters 49 and 54 of the Texas Water Code, as amended, and (vi) the general laws of the State of Texas applicable to municipal utility districts.

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

Source of Payment

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 taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may hereafter be issued by the District.

Optional Redemption

Bonds maturing on September 1, 2019, and thereafter shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2018, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. 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. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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 system 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, but the District currently has no plans to consolidate with another District.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place or payment (paying agent) for obligations of the District payable from ad valorem taxes, amounts sufficient to provide for payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

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

financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes. In the Bond Order, the District has specifically reserved the right to call the Bonds for redemption after the defeasance thereof.

Issuance of Additional Debt

The District intends to issue additional bonds from its voted authorization. The District's voters have authorized a total of \$21,660,000 principal amount of unlimited tax bonds for roads; \$48,990,000 principal amount of unlimited tax bonds for water, sewer, and drainage; and \$5,995,000 of unlimited tax bonds for parks and recreational facilities. The Bonds are the third series of unlimited tax bonds for roads issued by the District. Following the issuance of the Bonds, \$11,480,000 principal amount of unlimited tax bonds for roads, \$48,990,000 principal amount of unlimited tax bonds for water, sewer, and drainage; and \$5,995,000 of principal amount of unlimited tax bonds for parks and recreational facilities will remain authorized and unissued. See "THE BONDS – Authority for Issuance."

Any bonds issued by the District must be approved by the Attorney General of Texas. Approval of the Texas Commission on Environmental Quality ("TCEQ") is not necessary for the issuance of bonds to finance the acquisition or construction of roads and roadway improvements. See "THE DISTRICT – General."

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District.

Amendments to the Bond Order

The District may, without the consent of or notice to any Registered Owners, amend the Bond Order in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price 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 or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

“(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.”

“(b) A district’s bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.”

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than “A” or its equivalent to be legal investments for such entity’s funds.

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

Use and Distribution of Bond Proceeds

Proceeds from the sale of the Bonds will be used redeem the \$4,000,000 Bond Anticipation Note, Series 2012, proceeds of which were used to reimburse the Developer (hereinafter defined) for the construction, engineering, testing and land acquisition costs of paving improvements of Phase 1, Section 2; Fire Station Road Phase 3, Section 1; and Fire Cracker Road Phase 1, Section 3 and engineering and administrative fees of paving improvements for Phase 2, Section 1. Additionally, proceeds from the Bonds will be used to pay 12-months of capitalized interest on the Bonds, and certain costs of issuance of the Bonds.

	<u>Total Costs</u>
<u>CONSTRUCTION COSTS</u>	
1. Paving Improvements for:	
a. Fire Station Road Phase 3, Section 1	\$ 284,036
b. Fire Cracker Road Phase 1, Section 3	1,510,695
c. Phase 1, Section 2 Road	755,494
2. Engineering, Testing, & Administrative Fees	882,370
3. Land Acquisition for Items a, b & c	<u>377,157</u>
TOTAL CONSTRUCTION	<u>\$3,809,752</u>
<u>NON-CONSTRUCTION COSTS</u>	
Bond Counsel	\$ 118,875
Financial Advisor	95,100
Bond Discount	142,650
Capitalized Interest (12 months at 5.00%)	237,750
BAN Interest (3.25%)	122,056
Attorney General Fee	4,755
Engineering	15,000
Bond Issuance Expenses	25,000
BAN Issuance Expenses	90,000
Contingency	<u>94,062</u>
TOTAL NON-CONSTRUCTION COSTS	<u>\$ 945,248</u>
TOTAL BOND ISSUE REQUIREMENT	<u>\$4,755,000</u>

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be raised by taxation against all or a portion of the property within the District.

2012 Taxable Assessed Valuation	\$62,207,243 (a)
(100% of market value as of January 1, 2012)	
Estimated Valuation as of January 1, 2013.....	\$79,933,147 (b)
(100% of estimated market value as of January 1, 2013)	
Direct Debt:	
The Outstanding Bonds.....	\$ 5,425,000
The Bonds	<u>4,755,000</u>
Total.....	\$10,180,000
Estimated Overlapping Debt.....	<u>\$ 6,613,640 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$16,793,640</u>
Ratio of Direct Debt to.....	
2012 Assessed Valuation (\$62,207,243).....	16.36 %
Estimated Valuation as of January 1, 2013 (\$79,933,147).....	12.74 %
Ratio of Direct and Estimated	
Overlapping Debt to.....	
2012 Assessed Valuation (\$62,207,243).....	27.00 %
Estimated Valuation as of January 1, 2013 (\$79,933,147).....	21.01 %
Debt Service Fund Balance (as of September 28, 2012).....	\$ 232,985 (d)
General Fund Balance (as of September 28, 2012).....	\$ 287,645
2012 Tax Rate	
Debt Service	\$0.66 (e)
Maintenance & Operation.....	<u>0.24</u>
Total.....	\$0.90
Average Annual Debt Service Requirements (2013 – 2038).....	\$ 689,632 (f)
Maximum Annual Debt Service Requirements (2035).....	\$ 781,875 (f)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements on the Bonds (2013 – 2038) at 95% Tax Collections	
Based Upon the 2012 Assessed Valuation (\$62,207,243).....	\$1.17
Based Upon Estimated Valuation as of January 1, 2013 (\$79,933,147)	\$0.91
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual	
Debt Service Requirements on the Bonds (2035) at 95% Tax Collections	
Based Upon the 2012 Assessed Valuation (\$62,207,243).....	\$1.33
Based Upon Estimated Valuation as of January 1, 2013 (\$79,933,147)	\$1.03
Tax Rate Necessary to Fund Annual Payment to the Guadalupe-Blanco River Authority	
Based Upon 2012 Assessed Valuation for Sunfield Districts (\$62,403,141).....	\$2.54 (e)(g)
Based Upon Estimated Valuation as of January 1, 2013 (\$80,129,045)	\$1.98 (e)(g)

- (a) As certified by the Hays Central Appraisal District and the Travis Central Appraisal District (collectively “Appraisal Districts”). See “TAXING PROCEDURES.”
- (b) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of January 1, 2013, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2012, through December 31, 2012. No taxes will be levied against this amount. See “TAXING PROCEDURES.”
- (c) See “DISTRICT DEBT – Estimated Overlapping Debt.” In addition to the Estimated Overlapping Debt, the Sunfield Districts are liable to the Guadalupe-Blanco River Authority for water capacity. See “RISK FACTORS – Obligations to Guadalupe-Blanco River Authority.”
- (d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund. At the time of closing, 12-months of capitalized interest on the Bonds and accrued interest from March 1, 2013, to the date of delivery will be deposited to this fund.
- (e) The District is authorized to levy separate debt service taxes for road debt and wastewater and sewer debt, both of which are unlimited as to rate or amount. See “THE BONDS – Authority for Issuance.” The District is also authorized to levy a contract tax, unlimited as to rate or amount, to support its obligations to the Master District in the event the Master District issues bonds to finance improvements in the District. Such tax has not been levied to date. See “TAX DATA.”
- (f) Debt service on the Bonds is estimated at an average interest rate of 5.00%. See “DISTRICT DEBT – Debt Service Requirements.”
- (g) See “RISK FACTORS – Obligations to Guadalupe-Blanco River Authority” and “TAX DATA.”

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Debt as of December 31, 2012	Percent	Overlapping Amount
Hays County	\$283,230,000	0.55%	\$ 1,555,730
Travis County	639,369,987	<0.01	36
Hays Consolidated ISD	291,205,000	1.74	5,057,800
Austin Independent School District	761,806,997	<0.01	74
Total Estimated Overlapping Debt			\$ 6,613,640
The District			10,180,000
Total Direct & Estimated Overlapping Debt (a)			\$16,793,640

- (a) In addition to the Estimated Overlapping Debt, the Sunfield Districts are liable to the GBRA for debt service on water supply facilities constructed to serve Sunfield. See “THE SYSTEM,” and “RISK FACTORS – Obligations to Guadalupe-Blanco River Authority.”

Debt Ratios

	2012 Assessed Valuation	Estimated Preliminary Valuation as of January 1, 2013
Direct Debt	16.36%	12.74%
Total Direct & Estimated Overlapping Debt	27.00%	21.01%

Pro-Forma Debt Service Requirements

The following schedules set forth the current total debt service requirements of the District, assuming that the Bonds are issued at an interest rate of 5.00% per annum.

Year Ending <u>December 31</u>	Outstanding <u>Debt Service</u>	The Bonds		Total <u>Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	
2013	\$ 374,688		\$ 99,063	\$ 473,750
2014	375,688	\$ 100,000	237,750	713,438
2015	381,488	105,000	232,750	719,238
2016	386,938	110,000	227,500	724,438
2017	387,038	115,000	222,000	724,038
2018	386,988	120,000	216,250	723,238
2019	391,400	125,000	210,250	726,650
2020	395,080	135,000	204,000	734,080
2021	397,983	140,000	197,250	735,233
2022	405,063	145,000	190,250	740,313
2023	406,073	155,000	183,000	744,073
2024	406,160	160,000	175,250	741,410
2025	415,660	170,000	167,250	752,910
2026	414,070	180,000	158,750	752,820
2027	416,868	190,000	149,750	756,618
2028	423,843	200,000	140,250	764,093
2029	424,750	205,000	130,250	760,000
2030	429,613	220,000	120,000	769,613
2031	433,450	230,000	109,000	772,450
2032	430,825	240,000	97,500	768,325
2033	432,400	250,000	85,500	767,900
2034	437,925	265,000	73,000	775,925
2035	442,125	280,000	59,750	781,875
2036		290,000	45,750	335,750
2037		305,000	31,250	336,250
2038		320,000	16,000	336,000
Total	<u>\$9,396,110</u>	<u>\$4,755,000</u>	<u>\$3,779,313</u>	<u>\$17,930,423</u>

Estimated Average Annual Requirements (2013 – 2038).....	\$689,632
Estimated Maximum Requirement (2035).....	\$781,875

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, 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 above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. The District levied a debt service tax rate of \$0.66 per \$100 of assessed valuation and a maintenance and operation tax rate of \$0.24 per \$100 of assessed valuation for the 2012 tax year. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Hays Central Appraisal District and Travis Central Appraisal District (the "Appraisal Districts") have the responsibility of appraising property for all taxing units within Hays and Travis Counties, respectively, including the District. Such appraisal values will be subject to review and change by the Hays County Appraisal Review Board and Travis County Appraisal Review Board (the "Appraisal Review Boards"). The appraisal roll, as approved by the Appraisal Review Boards, will be used by the District in establishing its tax rolls and tax rate.

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse.

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

Freeport Goods and Goods-in-Transit: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods and goods-in-transit are exempted from taxation by the District.

Tax Abatement

Hays County or Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, either Hays Consolidated Independent School District, Austin Independent School District or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of

property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a Reinvestment Zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. Effective September 1, 2003, the District was required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year. If the proposed combined debt service, operation and maintenance and contract tax rates imposes a tax more than 1.08 times the amount of tax imposed in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead, disregarding any homestead exemption available to the disabled or persons 65 years of age or older, the qualified voters of the taxing jurisdiction by petition of ten percent of the registered voters in the taxing jurisdiction may require that an election be held to determine whether to reduce the operation and maintenance tax to the rollback tax rate.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Boards by filing a timely petition for review in district court. 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.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 10. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in

installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order 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 actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes (i) not to exceed \$1.00 per \$100 of assessed valuation for operation and maintenance purposes and (ii) unlimited as to rate or amount (A) to pay debt service on wastewater and sewer bonds, (B) to satisfy its contractual obligations to the Master District, and (C) to satisfy its contractual obligations to the Guadalupe-Blanco River Authority. The Board levied a 2012 tax rate for debt service purposes of \$0.66 per \$100 of assessed valuation and a tax rate of \$0.24 per \$100 of assessed valuation for maintenance purposes.

Tax Rate Limitation

Wastewater, Sewer and Drainage Debt Service:	Unlimited (no legal limit as to rate or amount).
Road Debt Service:	Unlimited (no legal limit as to rate or amount).
Master District Contract Tax:	Unlimited (no legal limit as to rate or amount)
Parks and Recreational Facilities	Unlimited (no legal limit as to rate or amount)
Maintenance:	\$1.00 per \$100 Assessed Valuation.

Historical Tax Collections

The following table illustrates the collection history of the District from 2007 - 2012:

Tax Year	Assessed Valuation	Tax Rate/\$100(a)	Adjusted Levy	% of Collections Current Year	Tax Year Ending	As of 01-23-13
2007	\$ 2,596,620	\$0.90	\$ 23,370	100.00%	09-30-08	100.00%
2008	2,956,545	0.90	26,609	100.00	09-30-09	100.00
2009	9,765,462	0.90	87,889	100.00	09-30-10	100.00
2010	11,896,111	0.90	107,065	100.00	09-30-11	100.00
2011	26,859,279	0.90	241,734	100.00	09-30-12	99.99
2012	62,207,243	0.90	559,865	(b)	09-30-13	(b)

(a) Includes a tax for maintenance and operation purposes. See “- Tax Rate Distribution” below.

(b) In process of collections.

Tax Rate Distribution

The following is a breakdown by the tax year, of the tax rate levied by the District for the 2007 - 2012 tax years.

	2012	2011	2010	2009	2008	2007
Road Debt Service Tax	\$0.66	\$0.31	\$0.00	\$0.00	\$0.00	\$0.00
Master District Contract Tax	0.00	0.00	0.00	0.40	0.25	0.25
Maintenance and Operation	<u>0.24</u>	<u>0.59</u>	<u>0.90</u>	<u>0.50</u>	<u>0.65</u>	<u>0.65</u>
Total	<u>\$0.90</u>	<u>\$0.90</u>	<u>\$0.90</u>	<u>\$0.90</u>	<u>\$0.90</u>	<u>\$0.90</u>

Analysis of Tax Base

The following table illustrates the District’s total taxable assessed value in the tax years 2008 - 2012 by type of property.

Type of Property	2012 Assessed Valuation	2011 Assessed Valuation	2010 Assessed Valuation	2009 Assessed Valuation	2008 Assessed Valuation
Land	\$16,412,234	\$13,993,701	\$12,328,431	\$12,479,461	\$9,907,832
Improvements	36,754,762	17,937,990	4,868,780	2,818,250	-0-
Personal Property	15,836,327	15,713	2,971	-0-	-0-
Less: Exemptions	<u>(6,796,080)</u>	<u>(5,088,125)</u>	<u>(5,304,071)</u>	<u>(5,532,249)</u>	<u>(6,951,287)</u>
Total	<u>\$62,207,243</u>	<u>\$26,859,279</u>	<u>\$11,896,111</u>	<u>\$ 9,765,462</u>	<u>\$2,956,545</u>

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2012:

Taxpayer	Type of Property	Assessed Valuation 2012 Tax Roll
U.S. Foodservice, Inc.	Land & Improvements	\$33,869,620
Buda Tuscany Partners, LP	Land & Improvements	5,742,630
Buda Huntington Partners, Ltd	Land & Improvements	2,948,840
Shops at Sunfield, LP	Land & Improvements	2,228,540
2428 SF PH 1, LLC (a)	Land & Improvements	2,079,000
Castlerock Communities	Land & Improvements	926,390
Pulte Homes of Texas, LP	Land & Improvements	596,240
CMA Holdings, Inc.	Land & Improvements	451,430
JW Buda XXI Ltd	Land & Improvements	440,130
Homeowner	Land & Improvements	<u>261,120</u>
		<u>\$49,543,940</u>
% of Respective Tax Roll		79.64%

(a) Wholly-owned subsidiary of 2428 Partners LP. See “THE DEVELOPER.”

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2012 Assessed Valuation (\$62,207,243); or alternatively, the Estimated Valuation as of January 1, 2013 (\$79,933,147). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements (2013 – 2038).....	\$689,632
Tax Rate of \$1.17 on the 2012 Assessed Valuation at 95% collection produces.....	\$691,434
Tax Rate of \$0.91 on the Estimated Valuation at as of January 1, 2013 at 95% collection produces	\$691,022
Maximum Annual Debt Service Requirement (2035).....	\$781,875
Tax Rate of \$1.33 on the 2012 Assessed Valuation at 95% collection produces.....	\$785,989
Tax Rate of \$1.03 on the Estimated Valuation as of January 1, 2013 at 95% collection produces	\$782,146

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 (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), 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 a compilation of all 2012 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

<u>Taxing Jurisdiction</u>	2012 Tax Rates Per \$100 of Assessed Value	
The District		\$0.9000
Hays County		0.4252
Travis County		0.5001
Hays Consolidated Independent School District		1.4613
Austin Independent School District		1.2420
Hays County Emergency Service District No. 8		0.1000
Total 2012 Tax Rate Per \$100 of Assessed Value		
	<u>Hays CISD</u>	<u>Austin ISD</u>
Hays County	\$2.8865	\$2.6672
Travis County	2.8614	2.6421

THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District was created by Order of the TCEQ dated June 27, 2005 as Winfield Municipal Utility District No. 1 of Hays and Travis Counties. By Order of the TCEQ dated April 10, 2006, the name of the District was changed to Sunfield Municipal Utility District No. 1. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. In addition, pursuant to V.T.C.A. Special District Code, Chapter 8200, the District is authorized to construct, acquire, improve, maintain or operate roads located within or outside its boundaries. The District is also authorized to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Description

Sunfield Municipal Utility District No. 1, is located in central Hays County (approximately 648.85 acres) and Travis County (approximately 31.55 acres) approximately 15 miles south of the City of Austin; and approximately 2 miles east of the City of Buda. The District is bordered on the north by Turnersville Road, on the south by Farm-to-Market Road 2001 and is adjacent to Firecracker Road. The District is located partly within a limited purpose corporate limits and wholly within the extraterritorial jurisdiction of the City of Buda and 676.73 acres are located within the Hays Consolidated Independent School District and 3.67 acres are located within Austin Independent School District. The District is located wholly within the approximately 2790 acre master-planned community known as “Sunfield” and wholly within an area certificated to the Goforth Special Utility District for the providing of retail water. See “THE SYSTEM.”

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. None of the present members of the Board reside within the District, but all own real property located within the boundaries of the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board and their principal occupations are listed below:

<u>Name</u>	<u>Position</u>	<u>Occupation</u>	<u>Term Expires May</u>
Matt Rutherford	President	Athletic Equipment Manager	2016
Tara Hays	Vice President	Project Manager	2014
Cynthia Schultz	Secretary	Sales Representative	2016
Jimmy C. Wray, Jr.	Assistant Secretary	Sales	2014
Leisha Ehlert	Assistant Secretary	Investment Manager	2016

The District employs the following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector – The District's Tax Assessor/Collector is the Hays County Tax Office.

Bookkeeper – The District contracts with Municipal Accounts & Consulting, LP (“Municipal Accounts”) for bookkeeping services. Municipal Accounts presently serves as bookkeeper to approximately 250 utility districts.

Utility System Operator – The Master District operates the District’s wastewater system. The Master District has contracted with Severn Trent Services to operate the wastewater system and the recently completed master water storage and pumping facilities. Goforth SUD operates the District’s water system.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended September 30, 2012 is included as “APPENDIX A” to this Official Statement. Such firm has been retained to perform the audit of the District’s financial statements for the fiscal year ending September 30, 2013.

Engineer – Murfee Engineering Co., Inc. is retained as the District Engineer for all 4 Sunfield Districts. There are 2 other engineering firms that were hired to design the District’s subdivisions, utility infrastructure and roads. Murfee Engineering Co., Inc. designed the Master District’s water and wastewater facilities.

Legal Counsel – The District employs Coats, Rose, Yale, Ryman & Lee, P.C. as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Coats, Rose, Yale, Ryman & Lee, P.C. also acts as general counsel for the District.

Financial Advisor – The District has engaged the firm of RBC Capital Markets, LLC as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Strategic Partnership Agreement and Economic Development Agreement

Effective September 19, 2006, the District and the City of Buda (the “City”) entered into a Strategic Partnership Agreement (“SPA”), whereby the City annexed certain commercial areas of the District for the limited purposes of applying certain city planning, zoning, health and safety ordinances in the area annexed for limited purposes. Effective September 19, 2006, the District and the Developer entered into an Economic Development Agreement (“EDA”) whereby the parties set forth the terms and conditions of performance based economic development grant payments contemplated by the SPA to be made to Developer for the development and construction of certain infrastructure (the “Infrastructure”). Under the terms of the SPA and EDA (hereinafter collectively the “Agreements”) the City will impose a one percent (1%) sales tax in the areas annexed for limited purposes. The Agreements provide that the City will pay to the Developer twenty five percent (25%) of the revenues collected by the City within the limited purpose annexed property, if the Infrastructure has been completed as outlined in the Agreements. In addition, the City has agreed that it will not annex the District for full purposes (a traditional annexation) until the earlier of thirty years from the effective date of the SPA or upon the completion of and issuance of District bonds for 90% of utility infrastructure necessary for the District. To date, the District has received approximately \$198 pursuant to the Agreements.

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DEVELOPMENT STATUS OF THE DISTRICT

The District is part of the approximately 2790-acre master-planned community known as “Sunfield.” The District contains approximately 680.40 acres. There are approximately 217.185 acres fully developed with water, sewer, drainage and road facilities. Of the developed acres, the District contains approximately 95.353 acres of residential development and approximately 121.83 acres for retail, industrial and multi-family use. As of January 1, 2013, single-family residential development within the District included 206 completed homes, 18 homes under construction and 124 vacant, developed lots. U.S. Foods has purchased a 40-acre site on which it has constructed a 277,000 square-foot office, dry food storage, refrigerated food storage and freezer food storage facility and a 10,000 square-foot maintenance facility. U.S. Foods opened such facility for business effective August, 2011. Tractor Supply purchased 3.815 acres on which it has constructed a 19,100 square foot store. Multi-family development within the District includes Tuscany Apartments (196 units on 13 acres) which are currently 95% leased, and The Huntington Senior Living apartments (120 units on 5.81 acres) which are currently 90% leased. The District also contains a Burger King and a convenience store. The remaining land in the District consists of approximately 454.585 undeveloped but developable acres and approximately 8.63 undevelopable acres.

	<u>Acreage</u>	<u>Lots</u>	<u>Homes</u>		<u>Vacant Developed Lots</u>
			<u>Completed</u>	<u>Under Construction</u>	
Phase 1,					
Section 1	57.687	159	92	7	60
Section 2	<u>37.668</u>	<u>189</u>	<u>114</u>	<u>11</u>	<u>64</u>
Residential Total	<u>95.355</u>	<u>348</u>	<u>206</u>	<u>18</u>	<u>124</u>
U.S. Foods	40.000				
Apartments	18.810				
Other Commercial	<u>63.020</u>				
Non-Residential Total	<u>121.830</u>				
Remaining Undeveloped but Developable Acres	454.585				
Undevelopable Acres	<u>8.630</u>				
Total	<u>680.400</u>				

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SUNFIELD

Sunfield is an approximately 2790 acre master-planned community located 15 miles south of downtown Austin, and 2 miles east of Buda. Sunfield is bounded by Turnersville Road on the north, Farm-to-Market Road 2001 on the south and Firecracker Road is adjacent to the project.

There are 217.185 acres fully developed in Sunfield. As of January 1, 2013, Sunfield contained 206 completed homes, 18 homes under construction and 124 vacant, developed lots. U.S. Foods has purchased a 40-acre site on which it has constructed a 277,000 square-foot office, dry food storage, refrigerated food storage and freezer food storage facility and a 10,000 square-foot maintenance facility. U.S. Foods opened such facility for business effective August, 2011. Tractor Supply is a 19,100 square foot store located on approximately 3.815 acres. There are two apartment complexes in Sunfield. The Tuscany Apartments are on 13 acres and contain 196 units. They are currently 95% leased. The Huntington Senior Living apartments are on 5.81 acres and contain 120 units. They are currently 90% leased. Sunfield also contains a Burger King and a convenience store. The remaining land in Sunfield consists of approximately 1,636.03 undeveloped but developable acres and approximately 459.17 undevelopable acres.

All of the land in Sunfield is located within one of four municipal utility districts created by order of the TCEQ to serve Sunfield: Sunfield Municipal Utility District Nos. 1 through 4. Virtually all of the development in Sunfield has occurred within the District.

At full development, it is anticipated that Sunfield will contain approximately 1,005 acres of residential development, 83 acres of multi-family development, approximately 760 acres of commercial and industrial development, and 942 acres of land for community and recreational uses. The District makes no representation as to the timing or likelihood of such development occurring.

Homebuilders active within Sunfield include Centex Homes and Castle Rock Homes. Homes being constructed in Sunfield range in price from \$130,000 to \$260,000. Homebuilding began in Sunfield in July, 2010 and approximately 15 homes were constructed during 2010; 55 homes were constructed in 2011; and 136 homes were constructed in 2012.

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**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(_____, 2013)**

**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(_____, 2013)**

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

The Developer

The principal developer of land within the District is 2428 Partners, LP, a Texas limited partnership (the "Developer"). The partnership is comprised of 2428 Management, LLC, as general partner and IHP Joint Investment Fund, LLC, as limited partner. The District is managed by Scarborough Sunfield, LLC, a third-party management company controlled by James R. Feagin and Jack T. Tate. The Developer currently owns approximately 463 acres in the District as well as approximately 1,706.89 acres in the remainder of Sunfield.

Funding

Funding for development of Sunfield is provided to the Developer by cash contributions from its partners. See "APPENDIX B – Financial Statements of the Developer."

Lot Sales Contracts

The Developer has entered into Lot Sales Contracts with Castle Rock Communities, LP ("CR") and Pulte Homes of Texas, LP ("Centex") for all 348 lots. As of January 1, 2013 CR has purchased 130 lots and Centex has purchased 116 lots. CR is purchasing 50 and 60 foot lots and is required to purchase 10 lots every 90 days beginning 120 days after initial closing until all lots are purchased. Centex is purchasing 45 foot lots and is required to purchase 12 lots every 90 days beginning 120 days after initial closing until all lots are purchased. In the event a homebuilder should default under its lot purchase contract, the Developer's sole remedy is retention of a nominal amount of earnest money. As of this date, each of the homebuilders is in compliance with its obligations under its Lot Sales Contract.

Developer Financials

As of January 1, 2012, the Developer no longer owns 20% of the taxable property within the District. Therefore, the Developer is no longer required to submit its financials on an annual basis as part of the District's compliance with Municipal Securities Rulemaking Board (the "MSRB") Rule 15c2-12. However, the Developer has agreed to allow its financials to be included for publication in connection with the District's offer and sale of the Bonds. See "APPENDIX B – Financial Statements of 2428 Partners LP."

THE SYSTEM

Regulation

According to the Engineer, the water distribution, wastewater collection and storm water drainage facilities and roads constructed by the District (the “System”) have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City of Buda, TxDot and Hays and Travis Counties. According to the District’s Engineer, the design of all such facilities has been approved by all required governmental agencies and, the water and sanitary sewer system has been inspected by the appropriate jurisdictional entities.

Operation of the District’s waterworks and sewer facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Description of the System

- Roads -

The road system to serve the District includes arterial roads (major and minor) and internal roads. The Major Arterial Roads include the realignment of Farm-to-Market Road 2001 and the Loop4/Main Street extension. The newly constructed Firecracker Road in part replaces and in part is a newly aligned County Road 118. These roads are necessary improvements required to service the District. Various roads are built providing vehicular access to Sunfield Phase 1, Sections 1, 2 and 3, Sunfield Phase 3, Section 1 and Sunfield Phase 5, Section 1. The road improvements adhere to and implement the Buda Master Transportation Plan and the 2030 Regional Roadway System in part with contributing arterials and feeders.

Planning for road extensions and development of a road infrastructure that includes subdivision roads, major and minor arterials and highway/parkway is a task that involves various entities and planning groups. The two main entities with road planning efforts in the vicinity are the City of Buda (the “City”) and the Capital Area Metropolitan Planning Organization (“CAMPO”). These two entities have adopted planning studies that include road improvements anticipated to be constructed as part of Sunfield. In addition, the Texas Transportation Commission has issued a “Minute Order” which describes a proposed realignment of a section of Farm-to-Market Road 2001 east of Interstate Highway 35 and a Main Street extension to State Highway 45 and includes the construction of an interchange and frontage roads. The City also approved a Traffic Impact Analysis and Mitigation Plan for the District, which sets design standards for the roads in the District.

- Wastewater Treatment and Conveyance System -

Sunfield is provided wastewater treatment from the Master District’s 250,000 gallons per day (“gpd”) first phase wastewater treatment plant. The District is a co-permit holder with the Guadalupe-Blanco River Authority (“GBRA”) with whom the Master District has contracted to operate the plant. The wastewater treatment plant is permitted for up to 0.9 million gallons per day. The wastewater collection system consists of 12 and 8 inch diameter gravity collection lines that connect to the Master District’s 24 inch wastewater trunkline feeding the wastewater treatment plant. The Master District constructed extensions to the wastewater system to provide service to the northern portions of the District. The extensions included gravity collection lines, a lift station and forcemain. Current flows at the plant are approximately 35,000 gpd.

- Water Supply and Distribution -

Sunfield is provided water service through 8, 12 and 16 inch water lines constructed by the District and the Master District and operated and maintained by the Goforth Special Utility District (“Goforth”). The residential and multi-family development to date is within the Certificate of Convenience and Necessity No. 11356 held by Goforth, the retail service provider. The Master District constructed water system improvements to provide and improve water service to the development. The improvements included a 500,000 gallon elevated storage tank, a 1,500 gallon per minute pump station, a 250,000 gallon ground storage tank, interconnect and meter assembly and a 16 inch water transmission main and a 24 inch water transmission main. The existing water supply facilities are sufficient to serve approximately 750 living unit equivalents (“LUEs”). Goforth currently is serving approximately 266 LUEs in the District.

- Drainage -

The Sunfield development is provided with drainage of stormwater via a curb and guttered street system, buried storm pipes connecting to drainage channels and detention ponds. The land generally slopes southeasterly in the drainage basin of the Blanco River. A small portion of the District drains to the north into the Onion Creek watershed eventually to the Colorado River.

- Agreements Regarding Wholesale Water Supply and Wastewater Treatment -

The Master District is a party to various agreements with the Guadalupe-Blanco River Authority (“GBRA”) pursuant to which Master District has acquired a supply of water for approximately 4,200 LUEs and the transportation of such water to Sunfield. Pursuant to such agreements, the Master District is reserving untreated water, paying for the cost of treating water and its pro rate share of the annual debt service on certain water treatment facilities and water trunklines conveying water to Sunfield. For the fiscal year ending September 30, 2012, the debt service and reservation fees paid by the Master District totaled approximately \$1,680,000 and the payments for the fiscal year ending September 30, 2013 are estimated to be \$1,500,000. As an obligation of the Master District, such payments are secured by the unlimited ad valorem taxing authority of each of the Sunfield Districts. Such payments are currently being made with monies advanced to the Master District by the Developer. See “RISK FACTORS – Obligations to Guadalupe-Blanco River Authority.”

The Master District has entered into a Wastewater Operating Agreement pursuant to which the GBRA operates the 250,000 gpd wastewater treatment plant serving Sunfield.

- Master District -

On April 23, 2007, the District executed a “Contract for Financing, Operation of Regional Waste Collection, Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage, including Water Quality Facilities” (“Master District Contract”) with Sunfield Municipal Utility District No. 4 (“Master District”) relating to the following facilities and services: the Master District wastewater collection system, the Master District water distribution system, the water supply system and wastewater transportation and treatment system (collectively, the “Master District Facilities”). The Master District Contract was approved by the voters of the District at an election held on May 12, 2007. Similar contracts have been executed between the Master District and the other Sunfield Districts. The Master District Contract provides that the District and all other Sunfield Districts that have executed similar contracts with the Master District pay a pro rata share of debt service on Contract Revenue Bonds issued to finance the Master District Facilities based upon certified appraised valuation. The District is obligated to pay its pro rata share from the proceeds of the Contract Tax for such purpose, or from any other legally available funds of the District. The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District has not yet issued any Contract Revenue Bonds. The Master District is authorized to issue Contract Revenue Bonds sufficient to complete acquisition and construction of the Master District Facilities. The District's pro rata share (and that of all other Sunfield Districts) of the debt service requirements on the Contract Revenue Bonds is determined by dividing the District's certified gross appraised value by the cumulative total of the certified gross appraised values of all the Sunfield Districts which are parties to the Master District Contract. The Master District Contract obligates the District to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of the Contract Tax, revenues derived from the operation of the District's water distribution and wastewater collection system or from an other legally available funds of the District.

Each Sunfield District is responsible for constructing its internal water distribution, wastewater collection and storm drainage lines within its respective boundaries. The internal facilities are financed with unlimited ad valorem tax bonds sold by each district. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Sunfield. In the event that the Master District fails to meet its obligations under the Master District Contract to provide Master District Facilities, each of the other Sunfield Districts has the right pursuant to its Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide service to such district, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual capital costs expended by such district for such Master District Facilities.

The District is further obligated to pay monthly charges for water and sewer services rendered pursuant to the Master District Contract. The monthly charges will be used to pay the District's share of operation and maintenance expenses of the Master District Facilities and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. The District's share of operation and maintenance expenses and reserve requirements is determined by dividing the total number of living unit equivalents ("LUEs") for all of the Sunfield Districts within the service area by the number of LUEs for the District, as of the first day of each month. The District's monthly payment for operation and maintenance expenses is calculated by multiplying the District's pro rata share by the actual operation and maintenance expenses of the Master District.

Pursuant to the Master District Contract, the District is obligated to establish and maintain rates, fees and charges for services provided by the District's water distribution system and wastewater collection system, together with taxes levied and funds received from any other lawful sources, sufficient at all times to pay the District's operation and maintenance expenses, and the District's obligations pursuant to the Master District Contract, including the District's pro rata share of the Master District's debt service requirements and monthly charges. All sums payable by the District pursuant to the Master District Contract are to be paid by the District without set off, counterclaim, abatement, suspension or diminution. If the District fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's Facilities by the District in addition to the Master District's other remedies. As a practical matter, the District has no alternative provider of these services rendered under the Master District Contract.

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of

equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX EXEMPTION." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by Fulbright & Jaworski L.L.P., Houston, Texas, Disclosure Counsel.

In addition to serving as Bond Counsel, Coats, Rose, Yale, Ryman & Lee, P.C. also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against the District contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

No Material Adverse Change

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX EXEMPTION

Delivery of the Bonds is subject to an opinion of Coats, Rose, Yale, Ryman & Lee, P.C., Bond Counsel, to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds, interest on the Bonds (1) will be excludable from the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code as amended to the date of issuance of the Bonds, existing regulations, published rulings, and court decisions thereunder, and (2) will not be included in the alternative minimum taxable income of individuals or, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with certain covenants in the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law to the extent deemed relevant to render such opinions and the representations and covenants referenced above. The Service has an ongoing audit program to determine whether interest on selected state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to the likelihood that the

Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service is likely to treat the District as the “taxpayer,” and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel will express no opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM

The initial public offering price (as furnished by the Underwriter) of certain Bonds (the “Discount Bonds”), may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes on the same terms and conditions as those for other interest on the Bonds described above under “TAX EXEMPTION.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will result in an amount of interest different from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Sections 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain of the Bonds (the “Premium Bonds”), may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bond. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser may be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 265 of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner thereof. In addition, interest expense incurred by certain owners that are “financial institutions” within the meaning of such section and which is allocable to tax-exempt obligations acquired after August 7, 1986, is completely disallowed as a deduction for taxable years beginning after December 31, 1986. Section 265(b) of the Code provides an exception to this rule for interest expense incurred by financial institutions and allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as “qualified tax-exempt obligations.” An issue may be designated as “qualified tax-exempt obligations” only where the amount of such issue, when added to all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The District will, pursuant to the Bond Order, designate the Bonds as “qualified tax-exempt obligations” and certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the 100 percent disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, 20 percent of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds would not be deductible pursuant to Section 291 of the Code.

CONTINUING DISCLOSURE

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (“MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system which is available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “DISTRICT DEBT” (except under the subheading “Estimated Overlapping Debt Statement”), “TAX DATA,” and “APPENDIX A - Financial Statements of the District.” The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2013. The District will provide the updated information via EMMA.

The financial information and operating data which will be provided with respect to the District is found in the “APPENDIX A - Financial Statements of the District.” The District will update and provide this information via

EMMA within six months after the end of each of its fiscal years ending in or after September 30, 2013. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Material Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The Developer has agreed to provide to the District the information that the District has agreed to provide with respect to the Developer. The Developer has also agreed with the District that it will not assign any of its rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the Developer's agreement to provide such information, but the Developer may sell its property within the District without any such assumption. The District's ability to provide information about the Developer or others, as well as the accuracy and completeness of such information, is completely dependent on such persons' compliance with their contractual agreements with the District.

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

Compliance with Prior Undertakings

The District has complied in all material respects with its previous continuing disclosure agreement made in accordance with SEC Rule 15c2-12.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District Engineer, the Developer, the Tax Assessor/Collector, the Hays Central Appraisal District, Travis Central Appraisal District and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, orders and engineering and other related reports set forth herein are included 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

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT - General," "LEGAL MATTERS - Legal Opinions," "TAX-EXEMPTION," "TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT AND PREMIUM," "QUALIFIED TAX-EXEMPT OBLIGATIONS," and "CONTINUING DISCLOSURE." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, the engineering information included in the sections captioned “DEVELOPMENT STATUS OF THE DISTRICT” and “THE SYSTEM” has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned “THE DEVELOPER,” “DEVELOPMENT STATUS OF THE DISTRICT” and “SUNFIELD” has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned “TAX DATA” has been provided by the Hays Central Appraisal District, Travis Central Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Updating of Official Statement

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

Official Statement “Deemed Final”

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein “deemed final” by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

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.

Certification as to Official Statement

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

Concluding Statement

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Sunfield Municipal Utility District No. 1 as of the date shown on the first page hereof.

/s/ _____
Matt Rutherford
President, Board of Directors
Sunfield Municipal Utility District No. 1

ATTEST:

/s/ _____
Cynthia Schultz
Secretary, Board of Directors
Sunfield Municipal Utility District No. 1

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX B

FINANCIAL STATEMENTS OF THE DEVELOPER

2428 Partners, LP (the “Developer”) has delivered the audited financial information included in this Appendix (the “Financial Information”) to the District for publication in connection with the District’s offer and sale of the Bonds. The Financial Information has been included herein solely as additional information concerning the Developer, its financial condition and its source of funds. Such Financial Information is relevant, among other reasons, to such entity’s ability to continue developing land within the District and to pay ad valorem taxes on land and improvements owned by such entity within the District. The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or any other obligation of the District, and the inclusion of the Financial Information herein should not be construed as an implication to that effect. The Developer has no legal commitment to the District or holders of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any of its other assets, at any time. Further, the financial condition of the Developer is subject to change, and no financial information concerning the Developer will be provided by the District after the sale of the Bonds. Therefore, the District cautions that the Financial Information should not be construed or interpreted as an indication of the creditworthiness of the Bonds.

The Developer represented to the District that the Financial Information has been prepared from its books and records, fairly represents the financial condition of each as of the dates indicated and does not fail to disclose any material fact or omit to state any material facts necessary to make such Financial Information not misleading and that there has not been any material adverse change in the financial condition of the Developer, since the dates at which the Financial Information was presented.