

OFFICIAL STATEMENT DATED AUGUST 26, 2025

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry-Only

Insured Rating (BAM): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and
"MUNICIPAL BOND INSURANCE" herein.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D (A political subdivision of the State of Texas located within Comal County)

\$3,020,000 UNLIMITED TAX BONDS SERIES 2025

The bonds described above (the "Bonds") are obligations solely of Comal County Water Improvement District No. 1D (the "District") and are not obligations of the State of Texas, Comal County, the City of New Braunfels, the Master District (as defined herein) or any entity other than the District. The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS."

Dated: September 1, 2025

Due: September 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about September 25, 2025) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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



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

MATURITY SCHEDULE

Principal	Maturity	CUSIP	Interest	Initial	Principal	Maturity	CUSIP	Interest	Initial
<u>Amount</u>	<u>(September 1)</u>	<u>Number(b)</u>	<u>Rate</u>	<u>Reoffering</u>	<u>Amount</u>	<u>(September 1)</u>	<u>Number(b)</u>	<u>Rate</u>	<u>Reoffering</u>
\$ 60,000	2027	19981J BD2	6.500 %	2.750 %	\$ 95,000	2036 (c)	19981J BN0	4.125 %	4.150 %
65,000	2028	19981J BE0	6.500	2.760	100,000	2037 (c)	19981J BP5	4.125	4.280
70,000	2029	19981J BF7	6.500	2.800	105,000	2038 (c)	19981J BQ3	4.250	4.400
70,000	2030	19981J BG5	6.500	2.930	110,000	2039 (c)	19981J BR1	4.375	4.500
75,000	2031	19981J BH3	6.500	3.130	120,000	2040 (c)	19981J BS9	4.500	4.600
80,000	2032 (c)	19981J BJ9	6.500	3.310	125,000	2041 (c)	19981J BT7	4.500	4.720
85,000	2033 (c)	19981J BK6	6.500	3.450	130,000	2042 (c)	19981J BU4	4.750	4.830
***	***	***	***	***	140,000	2043 (c)	19981J BV2	4.750	4.870

\$180,000 Term Bonds due September 1, 2035 (c), 19981J BM2 (b), 4.000% Interest Rate, 4.000% Yield (a)

\$300,000 Term Bonds due September 1, 2045 (c), 19981J BX8 (b), 4.750% Interest Rate, 4.920% Yield (a)

\$510,000 Term Bonds due September 1, 2048 (c), 19981J CA7 (b), 4.875% Interest Rate, 5.040% Yield (a)

\$600,000 Term Bonds due September 1, 2051 (c), 19981J CD1 (b), 4.875% Interest Rate, 5.070% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2031, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 25, 2025.

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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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefor.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this OFFICIAL STATEMENT for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX C—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Fidelity Capital Markets (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0171% of the par value thereof which resulted in a net effective interest rate of 4.989610% as calculated pursuant to Chapter 1204, Texas Government Code (the IBA method).

Prices and Marketability

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 offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this OFFICIAL STATEMENT. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire OFFICIAL STATEMENT and of the documents summarized or described therein.

THE DISTRICT

<i>Description...</i>	Comal County Water Improvement District No. 1D (the “District”) is a political subdivision of the State of Texas. The District was created pursuant to an order of division of Comal County Water Improvement District No. 1B dated February 5, 2021, and operates pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended. The District currently includes approximately 398 acres of land. See “THE DISTRICT.”
<i>Location...</i>	The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Hillcountry Drive, approximately one mile northeast of Texas State Highway 46 and one mile north of Loop 337. Access to the City of New Braunfels is through Oak Run Parkway and Borchers Boulevard. See “THE DISTRICT” and “AERIAL LOCATION MAP.”
<i>Veramendi...</i>	The District is a part of the approximately 2,445-acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: the District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1A (“WID 1A”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”). The District, WID 1A, WID 1B, WID 1C, WID 1E, WID 1F, and the Master District are collectively referred to as, the “Veramendi Districts.” Each of the Veramendi Districts has authority to provide water, wastewater, drainage and road facilities as provided by general law and Article XVI, Section 59, Texas Constitution and Article III, Section 52, Texas Constitution. See “THE DISTRICT—Status of Development.”
<i>The Developer...</i>	<p>Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 727 acres of undeveloped land within the Veramendi project boundaries, approximately 80 acres of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development.</p> <p>The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald LLC, and Veramendi PE-Gold Coast LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,718 acres in the Veramendi project boundaries from the Landowner, approximately 318 of which are located within the District. Veramendi PE-Emerald LLC, Veramendi PE-Fremantle and Veramendi PE-Darwin LLC are the VDCo Affiliates currently developing land within the District. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of VDCo and Peter James is the President of ASA Properties LLC. See “THE DEVELOPER” and “APPENDIX B.”</p>

<i>Homebuilding...</i>	Pulte Homes is currently the sole homebuilder within the District. See “THE DISTRICT—Status of Development.”
<i>Status of Development...</i>	<p>The land within the District is being developed primarily as a single-family residential community of Veramendi, currently consisting of 107 single-family residential lots on approximately 30 acres. As of June 1, 2025, the District consisted of 93 occupied homes, 13 homes under construction or in a builder’s name, and 1 vacant developed lot available for home construction. According to the Developer, homes within the District range in sales price from approximately \$370,000 to \$621,000. In addition, utility construction for 277 single-family residential lots (approximately 91 acres) is underway with completion expected in the first quarter of 2026. Approximately 241 acres within the District are undeveloped and developable, and the remaining approximately 36 acres within the District are undevelopable.</p> <p>See “THE DISTRICT—Land Use” and “—Status of Development.”</p>
<i>Payment Record...</i>	The District has previously issued \$3,300,000 principal amount of unlimited tax road bonds in one series, of which \$3,235,000 principal amount of such bonds remains outstanding (the “Outstanding Bonds”). The District capitalized twenty-four (24) months of interest from Outstanding Bonds proceeds in September 2023 and twenty-four (24) months of interest will be capitalized from Bond proceeds. The District has never defaulted on the Outstanding Bonds debt service payments. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED).”
<i>Water and Wastewater...</i>	New Braunfels Utilities (“NBU”) provides retail water and wastewater services to the District’s residents. See “WATER, WASTEWATER AND DRAINAGE—Utility Agreement Between the District and the City of New Braunfels” and “—Water Supply and Wastewater Treatment.”

THE BONDS

<i>Description...</i>	Comal County Water Improvement District No. 1D Unlimited Tax Bonds, Series 2025, in the aggregate principal amount of \$3,020,000 maturing serially on September 1 in each of the years 2027 through 2033, both inclusive, and 2036 through 2043, both inclusive, and as term bonds maturing on September 1 in each of the years 2035, 2045, 2048, and 2051 (the “Term Bonds”). Interest accrues from the Date of Delivery, at the rates per annum set forth on the cover page hereof, and is payable on March 1, 2026, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued as fully registered bonds, pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”), adopted by the Board of Directors of the District (the “Board”), in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. See “THE BONDS—General.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC (“Registered Owner”). One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after September 1, 2032, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2031, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay construction costs outlined herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” to capitalize twenty-four (24) months of interest, to pay interest on funds that have been advanced by the Developer on behalf of the District; and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

<i>Authority for Issuance...</i>	The Bonds are the first series of bonds issued out of an aggregate of \$133,000,000 principal amount of unlimited tax bonds authorized by the District's voters on May 1, 2021, for the purpose of financing water, wastewater and drainage improvements and facilities to serve the land within its boundaries. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution to be adopted by the Board of Directors of the District, an order of the Texas Commission on Environmental Quality (the "TCEQ"), Article XVI, Section 59 of the Texas Constitution, the Act (defined herein), Chapters 49 and 51 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "RISK FACTORS—Future Debt" and "THE BONDS—Authority for Issuance" and "Issuance of Additional Debt."
<i>Source of Payment...</i>	Principal of and interest on the Bonds, the Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS—Source of and Security for Payment."
<i>Municipal Bond Rating...</i>	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond insured rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX C."
<i>Qualified Tax-Exempt Obligations...</i>	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "PREPARATION OF THE OFFICIAL STATEMENT."
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A. in Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Certified Taxable Assessed Valuation	\$ 62,315,338	(a)
Estimated Taxable Assessed Valuation as of March 15, 2025	\$114,917,669	(b)
Gross Direct Debt Outstanding	\$ 6,255,000	(c)
Estimated Overlapping Debt.....	<u>6,464,315</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt	<u>\$12,719,315</u>	

Ratios of Gross Direct Debt to:

2024 Certified Taxable Assessed Valuation	10.04%
Estimated Taxable Assessed Valuation as of March 15, 2025	5.44%

Ratios of Gross Direct Debt and Estimated Overlapping Debt to:

2024 Certified Taxable Assessed Valuation	20.41%
Estimated Taxable Assessed Valuation as of March 15, 2025	11.07%

Funds Available for Road Debt Service:

Road Debt Service Fund as of July 15, 2025.....	\$277,172	(e)
Twenty-four Months of Capitalized Interest from Bond Proceeds	<u>299,113</u>	(f)
Total Funds Available for Debt Service	<u>\$576,285</u>	

Funds Available in the Contract Tax Fund as of July 15, 2025	\$ 33,757
Funds Available in the General Operating Fund as of July 15, 2025	\$181,853
Funds Available in the Capital Projects Fund as of July 15, 2025.....	\$ 54,908

2024 Debt Service Tax Rate	\$0.30
2024 Maintenance and Operations Tax Rate	0.43
2024 Contract Tax Rate	<u>0.12</u>
2024 Total Tax Rate	<u>\$0.85</u>

Anticipated 2025 Debt Service Tax Rate.....	\$0.200	
Anticipated 2025 Maintenance and Operations Tax Rate.....	0.535	
Anticipated 2025 Contract Tax Rate.....	<u>0.115</u>	
Anticipated 2025 Total Tax Rate.....	<u>\$0.850</u>	(g)

Average Annual Debt Service Requirement (2026-2051)	\$423,027
Maximum Annual Debt Service Requirement (2050)	\$445,738

Tax Rate Required to Pay Average Annual Debt Service (2026-2051) at a 95% Collection Rate

Based upon 2024 Certified Taxable Assessed Valuation	\$0.72	(h)
Based upon Estimated Taxable Assessed Valuation as of March 15, 2025.....	\$0.39	(h)

Tax Rate Required to Pay Maximum Annual Debt Service (2050) at a 95% Collection Rate

Based upon 2024 Certified Taxable Assessed Valuation	\$0.76	(h)
Based upon Estimated Taxable Assessed Valuation as of March 15, 2025.....	\$0.41	(h)

Status of Development as of June 1, 2025 (i):

Total Developed Lots	107
Occupied Homes	93
Homes Under Construction or in a Builder's Name	13
Lots Under Construction	277
Vacant Developed Lots Available for Home Construction	1

Estimated Population	326	(j)
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- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2025, and March 15, 2025. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2026. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds"
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on the District's bonds issued for water, wastewater and drainage facilities (including the Bonds). Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize twenty-four (24) months of interest from Bond proceeds and deposit such funds in the Water, Sewer & Drainage Debt Service Fund. Funds in the Water, Sewer & Drainage Debt Service Fund are not available to pay debt service on the bonds issued for road facilities.
- (g) The District authorized publication of its intent to levy a total tax rate of \$0.85 per \$100 of taxable assessed valuation, of which \$0.200 per \$100 of taxable assessed valuation is expected to be allocated to debt service, \$0.115 per \$100 of taxable assessed valuation is expected to be allocated to Contract Tax, and \$0.535 per \$100 of taxable assessed valuation is expected to be allocated to maintenance and operations. The District expects to adopt such tax rate in September 2025. See "TAX DATA—Historical Tax Rate Distribution."
- (h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."
- (i) See "THE DISTRICT—Land Use" and "—Status of Development."
- (j) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

\$3,020,000

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D *(A political subdivision of the State of Texas located within Comal County)*

UNLIMITED TAX BONDS SERIES 2025

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Comal County Water Improvement District No. 1D (the “District”) of its \$3,020,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the terms and conditions of a resolution (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), Article XVI, Section 59 of the Texas Constitution, Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code (the “Act”), Chapters 49 and 51 of the Texas Water Code, as amended, an election held within the District on May 1, 2021, and general laws of the State of Texas (“Texas”) relating to the issuance of bonds by political subdivisions of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and certain other information about Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”) and Veramendi Development Company, LLC, a Texas limited liability company and its affiliates (collectively, the “Developer”), and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP (“Bond Counsel”), 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefore.

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City of New Braunfels, Comal County, the State of Texas, the Master District (defined herein), or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District’s bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See “THE BONDS—Source of and Security for Payment.” The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See “Registered Owners’ Remedies” below.

Dependence on Major Taxpayers and the Developer

The principal taxpayers represent \$44,440,259 or approximately 71.82% of the 2024 Certified Taxable Assessed Valuation and represents ownership as of January 1, 2024. The Developer represents \$38,318,763 or approximately 61.92% of taxable assessed value as of January 1, 2024. If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the District’s Debt Service Funds, the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its Debt Service Funds.

The Developer has informed the District that its current plans are to continue developing its property in the District. However, neither the Developer, its subsidiaries, its affiliates or any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, its subsidiaries and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developer, any of its subsidiaries or affiliates or any other landowners. See “THE DEVELOPER,” “TAX DATA—Principal Taxpayers” and “APPENDIX B.”

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots for the construction of primary residences. The market value of such homes, lots, and undeveloped land is related to general economic conditions in the San Antonio/New Braunfels, Texas region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See “Credit Markets and Liquidity in the Financial Markets” below and “THE DEVELOPER.”

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly the liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 33 miles from the central downtown business district of San Antonio and approximately 2 miles from downtown New Braunfels, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio/New Braunfels metropolitan and regional economies. A downturn in the economic conditions of the San Antonio/New Braunfels economy and decline in the nation’s real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District’s property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 33 miles from downtown San Antonio and approximately 2 miles from downtown New Braunfels, could be affected by competition from other residential developments, including other residential developments located in Comal County and the New Braunfels/San Antonio, Texas metropolitan areas. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District and in more established neighborhoods, including within Veramendi. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the sale of lots for construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Increase in Costs of Building Materials and Labor Shortages

As a result of supply issues, shipping constraints, and ongoing trade disputes (including tariffs), there have been recent substantial increases in the cost of lumber and other building materials, causing many homebuilders and general contractors to experience budget overruns. Further, the unpredictable nature of current trade policy (including the threatened imposition of tariffs) may impact the ability of the Developers or homebuilders in the District to estimate costs. Additionally, immigration policies may affect the State’s workforce, and any labor shortages that could occur may impact the rate of construction within the District. Uncertainty surrounding availability and cost of materials may result in decreased levels of construction activity, and may restrict the growth of property values in the District. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developers or homebuilders.

Possible 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 owners of property within the District to pay their taxes. The 2024 Certified Taxable Assessed Valuation is \$62,315,338. After issuance of the Bonds, the maximum debt service requirement will be \$445,738 (2050), and the average annual debt service requirement will be \$423,027 (2026-2051 inclusive). Assuming no increase or decrease from the 2024 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.76 and \$0.72 per \$100 of appraised valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of March 15, 2025 is \$114,917,669, which reduces the above calculations to \$0.41 and 0.39 per \$100 of taxable assessed valuation, respectively. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District as of March 15, 2025 will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment.

Overlapping Master District Debt and Contract Tax

The Master District has issued two series of contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities (“Contract Revenue Bonds”) in the principal amount of \$10,000,000, all of which remains outstanding. In addition, the Master District has applied to the TCEQ requesting approval to sell approximately \$2,750,000 principal amount of Contract Revenue Bonds and expects approval and the sale of such bonds in the third quarter of 2025. All issuances of Contract Revenue Bonds are pursuant to an indenture of trust. The Master District Contract obligates each Participant, including the District, to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments (“Contract Payments”) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (“Contract Tax”), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s contract revenue bonds are issued.

The Contract Tax is in addition to the direct total tax rate of the District. The District cannot represent whether any of the development planned or occurring in the Service Area (defined herein) will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax. The District levied its initial Contract Tax in 2024.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Comal County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Comal County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, and roads facilities to \$1.20 per \$100 of taxable assessed valuation, including the Contract Tax. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District, which includes the Contract Tax. The current combined tax rate of the District is consistent with the rules of the TCEQ. If the total combined tax rate of the District, including the Contract Tax, should ever exceed \$1.20 per \$100 of taxable assessed valuation, the District and the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “Possible Impact on District Tax Rate” above and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt” and “—Overlapping Taxes.”

Undeveloped Acreage and Vacant Lots

There are approximately 241 remaining developable acres (excluding approximately 91 acres under construction for the development of 277 single-family residential lots) and 1 vacant developed lot in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur, or if the lot sales and building program will be successful. Future increases in value will result primarily from the construction of homes by builders. Failure of the Developer to develop the developable land or of the homebuilder to construct homes on the developed lots could restrict the rate of growth on taxable values in the District. See “THE DISTRICT—Land Use” and “—Status of Development.”

Developer Under No Obligation to the District

The Developer has informed the Board that its current plan is to continue selling the remaining undeveloped land for development or developing lots to sell to builders. However, neither the Developer nor any other future developer or homebuilder is obligated to build homes on vacant lots nor to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer to implement any plan of development. Furthermore, there is no restriction on the Developer’s rights to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. See “THE DEVELOPER.”

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes") by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Specific Flood Type Risks

The District is subject to certain flood risks:

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or man-made drainage systems (canals or channels) downstream. No flooding occurred in the District during the flooding events in Texas on July 4, 2025.

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901- 946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain

the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. After reimbursements are made with Bond proceeds, the District will continue to owe the Developer approximately \$32,500,000 plus interest for advances made for engineering and construction of water, wastewater, drainage and road facilities, which will be financed with future bond issues. A total of \$133,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage facilities, \$199,500,000 of unlimited tax bonds for the purpose of refunding water, wastewater and drainage bonds, \$53,500,000 principal amount of unlimited tax bonds for financing road facilities and \$80,250,000 of unlimited tax bonds for the purpose of refunding road bonds have been authorized by the District's voters. After the issuance of the Bonds, \$129,980,000 principal amount of water, wastewater and drainage bonds will remain authorized but unissued, \$50,200,000 principal amount of road bonds will remain authorized but unissued, and all of the principal amount of road refunding bonds, and all of the principal amount of water, wastewater and drainage refunding bonds will remain authorized but unissued.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, but the issuance of road bonds is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt." 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.

Environmental Regulations

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

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

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act ("CAA") Amendments of 1990, the four-county San Antonio area ("San Antonio Area")—Bexar, Comal, Guadalupe, and Wilson Counties—has been designated an attainment/unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard").

However, the San Antonio Area is currently designated as a “serious” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE.”

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

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

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025 and concluded on June 2, 2025. The Governor of Texas has called a special session to convene on July 21, 2025. The Governor of Texas may call additional special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District’s obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See “TAX MATTERS.”

Changes in Tax Legislation

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

THE BONDS

General

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

The Bonds will be dated September 1, 2025 and will accrue interest from the Date of Delivery, with interest payable on each March 1 and September 1 commencing March 1, 2026, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

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, as defined in the Bond Resolution.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remains outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are appraised, levied and collected, in each year, a continuing direct annual ad valorem tax, without limit as to rate, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

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

Funds

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

The District also maintains a Road Debt Service Fund that is not pledged to or available to pay principal and interest on bonds issued to finance water, wastewater and drainage facilities ("Water, Sewer and Drainage Bonds"), including the Bonds. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on bonds issued to finance road facilities (the "Road Bonds").

Twenty-four (24) months of capitalized interest shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to pay the costs of acquiring or constructing water, wastewater and drainage improvements and facilities, paying Developer interest, and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2035, 2045, 2048, and 2051 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$180,000 Term Bonds Due September 1, 2035		\$300,000 Term Bonds Due September 1, 2045	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2034	\$ 90,000	2044	\$ 145,000
2035 (maturity)	90,000	2045 (maturity)	155,000

\$510,000 Term Bonds Due September 1, 2048		\$600,000 Term Bonds Due September 1, 2051	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2046	\$ 160,000	2049	\$ 190,000
2047	170,000	2050	200,000
2048 (maturity)	180,000	2051 (maturity)	210,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on September 1, 2031, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

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

Authority for Issuance

At a bond election held within the District on May 1, 2021, the voters of the District authorized the issuance of a total of \$133,000,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage improvements and facilities to the land within its boundaries. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and provisions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of the bonds by political subdivisions of the State of Texas.

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.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution.

In the event the Book-Entry-Only System should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented.

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

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on a Record Date and ending the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

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

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have \$129,980,000 principal amount of unlimited tax bonds for the purposes of financing water, wastewater and drainage facilities authorized but unissued and \$50,200,000 principal amount of unlimited tax road bonds for the purposes of financing road improvements and facilities authorized but unissued. The District has authorized but unissued refunding bonds in an amount of \$199,500,000 of bonds or other evidences of indebtedness previously issued by the District for water, wastewater, and drainage facilities and authorized but unissued refunding bonds in an amount of \$80,250,000 of bonds or other evidences of indebtedness previously issued by the District for road improvements and facilities. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "RISK FACTORS—Future Debt."

After approval by the District's voters, the City of New Braunfels and the TCEQ, the District also has the power to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

The issuance of additional debt for any of the above-described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

No Arbitrage

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

Consolidation

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

Annexation by the City of New Braunfels

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels. Generally, the District may be annexed by the City of New Braunfels without the District's consent, and the City of New Braunfels cannot annex territory within the District unless it annexes the entire District; however, the City of New Braunfels may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of New Braunfels and Comal County Water Improvement District No. 1 specifying the procedures for full purpose annexation of all or a portion of land within the District. Full purpose annexation by the City of New Braunfels of land within the District's boundaries is governed by that certain Strategic Partnership Agreement, approved February 25, 2013, between Comal County Water Improvement District No. 1 and the City of New Braunfels and the Development Agreement between the City of New Braunfels and Comal County Water Improvement District No. 1, which prohibits annexation, unless and until the earlier of (1) the expiration or termination of the Development Agreement, or (2) the 15th anniversary of the District's confirmation election, or (3) the 30th anniversary following the earlier date of the Development Agreement, or (4) at least 90% of the public improvements in the District have been constructed, provided, however, the City of New Braunfels first assumes all obligations and performs all actions required by Sections 43.0715 and 43.075 of the Texas Local Government Code.

If the District is annexed, the City of New Braunfels will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of New Braunfels is a policy-making matter within the discretion of the Mayor and City Council of the City of New Braunfels, and therefore, the District makes no representation that the City of New Braunfels will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of New Braunfels to make debt service payments should annexation occur.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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 or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S & P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment 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. 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. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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 AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District, based on information provided by LJA Engineering, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

I. CONSTRUCTION COSTS

Water Distribution, Wastewater Collection and Storm Drainage Facilities

• Veramendi, 16-1.....	\$ 1,897,530
• Engineering and Testing.....	140,262
• Land Costs.....	<u>10,476</u>

Total Construction Costs..... \$ 2,048,268

II. NON-CONSTRUCTION COSTS

• Underwriter's Discount (a).....	\$ 90,083
• Capitalized Interest (24 Months) (a).....	299,113
• Developer Interest.....	<u>316,522</u>

Total Non-Construction Costs..... \$ 705,718

III. ISSUANCE COSTS AND FEES

• Issuance Costs and Professional Fees.....	\$ 191,940
• Bond Engineering Report.....	45,000
• State Regulatory Fees.....	10,570
• Contingency (a).....	<u>18,504</u>

Total Issuance Costs and Fees..... \$ 266,014

TOTAL BOND ISSUE..... \$ 3,020,000

- (a) The TCEQ approved a maximum Underwriter's discount of 3.00% and twenty-four (24) months of capitalized interest. Contingency represents the difference between the estimated and actual amounts of Underwriter's Discount and capitalized interest.

VERAMENDI

The District is a part of an approximate 2,445 acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: the District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1A (“WID 1A”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”). The District, the Master District, WID 1A, WID 1B, WID 1C, WID 1E, and WID 1F are collectively referred to as the “Veramendi Districts.” Each of the Veramendi Districts has the authority to provide water, wastewater, drainage and road facilities as provided by general law and Section 59, Article XVI, Texas Constitution, and Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of roads.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a water improvement district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas being financed with bond proceeds, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

The Developer

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 727 acres of undeveloped land within the Veramendi project boundaries, approximately 80 acres of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald, LLC, and Veramendi PE-Gold Coast LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,718 acres in the Veramendi project boundaries from the Landowner, approximately 318 of which are located within the District. Veramendi PE-Emerald LLC, Veramendi PE-Fremantle and Veramendi PE-Darwin LLC are the VDCo Affiliates currently developing land within the District. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC.

Certain financial information concerning the Developer is attached hereto as “APPENDIX B—Financial Information Concerning the Developer.” Neither the Developer nor an affiliated company is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor any affiliated company has any legal commitment to the District or to owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer is subject to change at any time. Because of the foregoing, financial information concerning the Developer will neither be updated nor provided following issuance of the Bonds, except as described herein under “CONTINUING DISCLOSURE INFORMATION.” See “RISK FACTORS—Dependence on Major Taxpayers and the Developer.”

THE DISTRICT

General

The District is a political subdivision of the State of Texas. The District was created pursuant to an order of division of Comal County Water Improvement District No. 1B dated February 5, 2021, and operates pursuant to Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 51, Texas Water Code, as amended. The District is empowered 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; and the construction of roads, among other things. 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 is subject to the continuing supervision of the TCEQ.

The District is required to observe certain requirements of the City of New Braunfels which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, road and firefighting facilities and the refunding of outstanding debt obligations; require approval by the City of New Braunfels of District construction plans; and permit connections only to lots and reserves described in plats which have been approved by the City of New Braunfels and filed in the real property records of Comal County, Texas. The District is also required to obtain TCEQ approvals prior to acquiring, constructing and financing water, wastewater, drainage, recreation and fire-fighting facilities. See “WATER, WASTEWATER AND DRAINAGE—Regulation.”

Description and Location

The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Hillcountry Drive, approximately one mile northeast of Texas State Highway 46 and one mile north of Loop 337. Access to the City of New Braunfels is through Oak Run Parkway and Borchers Boulevard. The District currently includes approximately 398 acres. See “AERIAL LOCATION MAP” herein.

Land Use

The following table has been provided by the Engineer and the Developer and represents the current land use within the District.

	Approximate Acres	Lots
<i><u>Single-Family Residential</u></i>		
Veramendi, Section 4, Unit 1 (a)	15	62
Veramendi, Section 16, Unit 1	30	107
Veramendi, Section 18, Unit 1 (a)	<u>76</u>	<u>215</u>
Subtotal.....	121	384
 <i>Future Development.....</i>	 241	
<i>Undevelopable (b)</i>	<u>36</u>	<u>---</u>
District Total.....	398	384

(a) Construction is underway on 277 single-family residential lots on approximately 91 acres with completion expected in first quarter of 2026.
 (b) Consists of street easements, drainage detention, parks and recreation space and utility sites.

Status of Development

Single Family Residential: The development in the District currently includes 107 single-family residential lots on approximately 30 acres. As of June 1, 2025, the District consisted of 93 occupied homes, 13 homes under construction or in a builder’s name, and 1 vacant developed lot available for home construction. According to the Developer, new homes within the District range in price from approximately \$370,000 to \$621,000. In addition, utility construction for 277 single-family residential lots (approximately 91 acres) is underway with completion expected in the first quarter of 2026. The remainder of the District is comprised of approximately 241 acres of undeveloped but developable land in the District and approximately 36 acres that are undevelopable. Pulte Homes is currently the sole homebuilder within the District. The estimated population within the District is 326 based upon 3.5 persons per occupied single-family residence.

Future Development

The District is currently being developed primarily as a single-family residential development. Approximately 241 developable acres of land currently within the District (excluding the above described 91 acres under construction for the development of 277 single-family residential lots) are not yet fully served with water distribution and supply, wastewater collection and treatment, storm drainage facilities or roads. See “RISK FACTORS—Future Debt.” The Engineer has stated that under regulatory criteria and current development plans, the remaining authorized but unissued bonds (after issuance of the Bonds) in the aggregate principal amount of \$180,180,000 should be sufficient to finance the construction of facilities to complete the District’s water, wastewater, drainage, and roads for full development of the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held on the first Saturday of May of even numbered years. All of the Board members own land within the District subject to a note and deed of trust in favor of the Developer. The current members and officers of the Board along with their titles and terms are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Reyes Villarreal	President	May 2026
Sandra Stolte	Vice President	May 2028
Spencer Brandt	Secretary	May 2028
Lark Mason III	Assistant Secretary	May 2026
Jolene Lane-Huereca	Assistant Secretary	May 2028

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

Bond Counsel and General Counsel: Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of June 30, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC (the "Auditor"), independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's audited financials for the year ended June 30, 2024. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the fiscal year ended June 30, 2025.

Engineer: The District's consulting engineer is LJA Engineering, Inc.

Tax Appraisal and Collections: The Comal Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Services, LLC has been employed by the District to service in this capacity.

Bookkeeper: The District has contracted with Municipal Accounts & Consulting, LP (the "Bookkeeper") for bookkeeping services.

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

WATER, WASTEWATER AND DRAINAGE

Utility Agreement Between the District and the City of New Braunfels

Customers of the District receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, pursuant to the Third Amendment to the Utility Agreement dated June 12, 2020, between the District and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the “Internal Facilities”) are acquired, constructed and extended by the District and the components of the System that serve the Service Area, as defined below, are acquired, constructed and extended by the Master District, as defined below.

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the District will be in a position to receive services from the System; however, the District’s obligation to extend the System is conditioned upon continued development within the District, the City of New Braunfels’ performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District and the TCEQ, and TCEQ approval and the ability of the District to sell bonds.

Water Supply and Wastewater Treatment

Water supply for the District is currently provided by NBU which operates an 8,000,000 gallon per day (“gpd”) surface water treatment plant located along Gruene Road south of Loop of 337. Based on the Utility Agreement, NBU currently has sufficient capacity to supply water to up to 1,200 equivalent single-family connections.

Wastewater treatment for the District is currently provided by NBU through the Gruene Wastewater Treatment Plant located at Gruene Loop Road at the Guadalupe River which has a capacity of 1,100,000 gallons per day (“gpd”). Based on the Utility Agreement, NBU currently has sufficient capacity to provide wastewater treatment to up to 1,200 equivalent single-family connections.

The District, through its agreement with NBU, has sufficient water and wastewater capacity to serve all development proposed within the District.

Water Distribution, Wastewater, Collection and Storm Drainage

Water distribution, wastewater collection and storm drainage facilities have been constructed by the Developer to serve 107 single family residential lots. In addition, approximately 277 single-family residential lots are under construction with expected completion in the first quarter of 2026. See “THE DISTRICT—Land Use” and “—Status of Development.”

The Master District

Comal County Master Water Improvement District (the “Master District”) is a political subdivision of the State of Texas, created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating the Master District, WID 1A and WID 1B and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to the Act creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The Master District serves as a provider of the regional water delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (collectively, the “Master District Facilities”) to the approximate 2,445 acre Service Area (the “Service Area”), which includes the following water improvement districts: the District, WID 1A, WID 1B, WID 1C, WID 1E and WID 1F (collectively, the “WIDs”). The Master District, WID 1A and WID 1B have each executed a Contract for the Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities (the “Master District Contract”) on February 14, 2020, and WID 1B partially assigned, and each of the District, WID 1C, WID 1E and WID 1F assumed all right, title, interest, duty and obligation in, to and under the Master District Contract and each of the Districts has obtained approval of the Master District Contract from voters at an election held within each Districts’ respective boundaries. The Master District Contract was amended to allow the Master District to designate Districts as “Participants” under the Master District Contract, irrevocably obligating the designated Participants to unconditionally levy a Contract Tax (as defined herein) on all taxable property within their boundaries and pay all obligations under the Master District Contract.

Currently, the District, WID 1A and WID 1F have been designated as the “Participants” by the Master District, based on active development within their boundaries, receipt of services provided by Master District Facilities, and in accordance with the terms of the Master District Contract. The remaining WIDs are expected to be designated by the Master District as “Participants” under the Master District Contract in the future, however the Master District cannot determine a date at this time when any of the other WIDs will become a Participant under the Master District Contract.

The Master District Contract provides that the Master District can issue Contract Revenue Bonds (as defined in “RISK FACTORS—Master District Debt and Contract Tax”). The Master District Contract provides that, once designated, each Participant shall pay a pro rata share of debt service on the Contract Revenue Bonds based upon each Participant’s Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually (the “Contract Payments”). Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem tax without legal limit as to rate or amount (the “Contract Tax”), including the revenues from any other legally available funds. The Contract Tax will consist of a tax for the payment of debt service on the Contract Revenue Bonds. The Contract Payments may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant. The Master District has applied to the TCEQ requesting approval to sell approximately \$2,750,000 principal amount of Contract Revenue Bonds and expects approval and the sale of such bonds in the third quarter of 2025.

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 Developer on behalf of the Master District constructed and the Master District operates the regional stormwater facility known as Bleiders Creek Dam and other regional drainage and detention facilities serving the Service Area. The regional water and sanitary sewer facilities constructed by the Master District pursuant to the Master District Contract have been or are anticipated to be conveyed to New Braunfels Utilities (“NBU”) upon completion and acceptance by NBU. After completion and acceptance of the regional water supply and distribution facilities and wastewater collection facilities, NBU will own, operate, and maintain such facilities as the retail provider of water and wastewater treatment service to residents living in the Service Area, including those residents living in the Participants, pursuant to the Utility Agreement. Any internal facilities not constructed pursuant to the Master District Contract are expected to be financed with unlimited tax bonds sold by each of the Participants.

It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide it with service, and convey such Master District Facilities to the Master District (or to NBU, as applicable) in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Facilities.

Each Participant is further obligated to pay monthly charges to the Master District for services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses, to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and to pay debt service requirements on the Contract Revenue Bonds, as necessary. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense, reserve requirements, and debt service requirements, if any, calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” The Master District intends to prepare a budget no later than forty-five days prior to the end of its fiscal year, June 30, showing all of the anticipated foregoing expenses and bill each Participant’s share. The Master District anticipates the funding of the operation and maintenance expenses reserve to be funded monthly, with the Master District billing the Participants at a rate equal to one hundred fifty percent (150%) of the Participant’s share of budgeted monthly charges until such a time the Master District’s reserve requirements have been fully funded. Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by unit cost per equivalent single-family residential connection. The Master District assesses to each Participant its monthly charge following the adoption of the Master District budget at the beginning of each budget period, beginning June 30, 2024, and following the deemed approval of each Participant. Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees, and charges, together with taxes levied and funds received from other lawful sources, sufficient at all times to pay the monthly charges assessed by the Master District to each Participant. The Master District does not expect that revenues from the Participants’ monthly charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds.

Pursuant to the Master District Contract each Participant is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the Participant to make timely payment to the Master District of all charges required under the Master Contract, including such amounts sufficient at all times to pay operation and maintenance charges of the Master District, and to pay the Participant’s pro rata share of the funds needed by the Master District to pay debt service requirements on the Master District’s Contract Revenue Bonds issued pursuant to the Master Contract. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution and the Master District Contract shall not terminate, nor shall the Participants have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the Participants under the Master District Contract be otherwise affected for any reason.

The Master District Contract obligates the Master District to provide notices to the Participants (and other Districts within the Service Area) of its intent to issue Contract Revenue Bonds. The Master District has timely provided such notices of its intent to issue bonds in accordance with the terms of the Master District Contract.

Flood Protection

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater New Braunfels area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 8 acres in the District are within the 100-year flood plain, however none of the developed land within the District is within the 100-year flood plain.

Regulation

Construction and operation of the District’s water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Comal County, the City of New Braunfels, and the Texas Department of Health also exercise regulatory jurisdiction over the District’s water, wastewater and storm drainage facilities.

ROAD SYSTEM

The road system (the “Roads”) serves the residents of the District by providing access to major arterials and collectors within Veramendi and the surrounding area. The internal subdivision streets provide access to a collector street, Hillcountry Drive, which connects to Geneva Street. The internal streets also connect to other existing streets in the Veramendi Development including Borchers Boulevard. These internal streets and collectors convey the residents of the District to the major thoroughfares of State Highway Loop 337 and State Highway 46 and ultimately to Interstate Highway 35. All Roads are owned and maintained by Comal County. Proceeds of the Series 2023 Road Bonds were used to reimburse the Developer for road improvements in the District.

General Fund Summary

The Bonds and Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's general fund are not pledged to the payment of the Bonds and Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and Outstanding Bonds, at the discretion and upon action of the Board. The District is provided with water and sewer services by NBU as described under "WATER, WASTEWATER AND DRAINAGE." Consequently, the District's general fund is used primarily for administrative expenses of the District and is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds.

The following statement sets forth in condensed form the historical results of operation of the District's General Fund as derived from the District's audited financial statements for the fiscal years ended June 30, 2022 through June 30, 2024 and an unaudited summary for the fiscal year ended June 30, 2025 provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information for the fiscal year ended June 30, 2024.

	Fiscal Year Ended			
	6/30/2025 (Unaudited)	6/30/2024	6/30/2023	6/30/2022
Revenues:				
Property Taxes	\$ 262,427	\$ 97,488	\$ 84,807	376
Penalty and Interest	\$ 1,831	\$ 2,372	\$ -	-
Miscellaneous	3,766	148	129	\$ -
Total Revenue	\$ 268,024	\$ 100,008	\$ 84,936	\$ 376
Expenditures:				
Professional Fees	\$ 98,021	\$ 43,527	\$ 12,229	\$ -
Contracted Services	13,886	36,544	5,293	1,551
Repairs & Maintenance	1,434	1,050	-	
Other	16,200	14,222	10,022	6,380
Total Expenditures	\$ 129,541	\$ 95,343	\$ 27,544	\$ 7,931
NET REVENUES	<u>\$ 138,484</u>	<u>\$ 4,665</u>	<u>\$ 57,392</u>	<u>\$ (7,555)</u>
Other Sources of Revenue(a)	\$ -	\$ -	\$ 9,000	\$ 4,500
General Operating Fund				
Balance (Beginning of Year)	\$ 72,988	\$ 68,323	\$ 1,931	\$ 4,986
General Operating Fund				
Balance (End of Year)	<u>\$ 211,472</u>	<u>\$ 72,988</u>	<u>\$ 68,323</u>	<u>\$ 1,931</u>

(a) Developer advance.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2024 Certified Taxable Assessed Valuation	\$ 62,315,338	(a)
Estimated Taxable Assessed Valuation as of March 15, 2025	\$114,917,669	(b)
Gross Direct Debt Outstanding	\$ 6,255,000	(c)
Estimated Overlapping Debt.....	<u>6,464,315</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt	\$12,719,315	
Ratios of Gross Direct Debt to:		
2024 Certified Taxable Assessed Valuation	10.04%	
Estimated Taxable Assessed Valuation as of March 15, 2025	5.44%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation	20.41%	
Estimated Taxable Assessed Valuation as of March 15, 2025	11.07%	
Funds Available for Road Debt Service:		
Road Debt Service Fund as of July 15, 2025.....	\$277,172	(e)
Twenty-four Months of Capitalized Interest from Bond Proceeds	<u>299,113</u>	(f)
Total Funds Available for Debt Service	\$576,285	
Funds Available in the Contract Tax Fund as of July 15, 2025	\$ 33,757	
Funds Available in the General Operating Fund as of July 15, 2025	\$181,853	
Funds Available in the Capital Projects Fund as of July 15, 2025.....	\$ 54,908	

- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2025, and March 15, 2025. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2026, and provided to the District in the summer of 2026. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on the District's bonds issued for water, wastewater and drainage facilities (including the Bonds). Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize twenty-four (24) months of interest on the Bonds from Bond proceeds and deposit such funds in the Water, Sewer and Drainage Debt Service Fund.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the District's investment portfolio.

Outstanding Bonds

The District has previously issued one series of unlimited tax road bonds totaling \$3,300,000, of which \$3,235,000 remains outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the Outstanding Bonds and the Outstanding Bonds.

Series	Original Principal Amount	Outstanding Bonds
2023 (a)	\$ 3,300,000	\$ 3,235,000
Total	\$ 3,300,000	\$ 3,235,000

- (a) Unlimited Tax Road Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. The schedule below does not take into account the fact the District will capitalize twenty-four (24) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2025	\$ 142,038.75 (a)				\$ 142,038.75
2026	216,380.00	\$ -	\$ 139,585.83	\$ 139,585.83	355,965.83
2027	218,682.50	60,000	149,556.25	209,556.25	428,238.75
2028	220,777.50	65,000	145,656.25	210,656.25	431,433.75
2029	217,665.00	70,000	141,431.25	211,431.25	429,096.25
2030	219,552.50	70,000	136,881.25	206,881.25	426,433.75
2031	221,192.50	75,000	132,331.25	207,331.25	428,523.75
2032	222,580.00	80,000	127,456.25	207,456.25	430,036.25
2033	223,710.00	85,000	122,256.25	207,256.25	430,966.25
2034	224,625.00	90,000	116,731.25	206,731.25	431,356.25
2035	220,225.00	90,000	113,131.25	203,131.25	423,356.25
2036	225,725.00	95,000	109,531.25	204,531.25	430,256.25
2037	225,665.00	100,000	105,612.50	205,612.50	431,277.50
2038	225,260.00	105,000	101,487.50	206,487.50	431,747.50
2039	224,500.00	110,000	97,025.00	207,025.00	431,525.00
2040	223,250.00	120,000	92,212.50	212,212.50	435,462.50
2041	226,750.00	125,000	86,812.50	211,812.50	438,562.50
2042	224,750.00	130,000	81,187.50	211,187.50	435,937.50
2043	222,500.00	140,000	75,012.50	215,012.50	437,512.50
2044	225,000.00	145,000	68,362.50	213,362.50	438,362.50
2045	222,000.00	155,000	61,475.00	216,475.00	438,475.00
2046	223,750.00	160,000	54,112.50	214,112.50	437,862.50
2047	225,000.00	170,000	46,312.50	216,312.50	441,312.50
2048	225,750.00	180,000	38,025.00	218,025.00	443,775.00
2049	226,000.00	190,000	29,250.00	219,250.00	445,250.00
2050	225,750.00	200,000	19,987.50	219,987.50	445,737.50
2051	-	210,000	10,237.50	220,237.50	220,237.50
Total	\$ 5,719,078.75	\$ 3,020,000	\$ 2,401,660.83	\$ 5,421,660.83	\$11,140,739.58

(a) Excludes the District's March 1, 2025 debt service payment in the amount of \$77,039.

Average Annual Debt Service Requirements (2026-2051)\$423,027
Maximum Annual Debt Service Requirement (2050)\$445,738

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service, and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

	Outstanding		As of	Overlapping	
	Bonds			Percent	Amount
Comal County	\$ 98,450,000		6/30/2025	0.163%	\$ 160,954
New Braunfels Independent School District	625,430,000		6/30/2025	0.720%	4,501,786
Comal County Master Water Improvement District	12,750,000 (a)		6/30/2025	14.130%	1,801,575
Total Estimated Overlapping Debt					\$ 6,464,315
The District	\$ 6,255,000 (b)				6,255,000
Total Direct and Estimated Overlapping Debt					\$ 12,719,315

Direct and Estimated Overlapping Debt as a Percentage of:

2024 Certified Taxable Assessed Valuation of \$62,315,538	20.41%
Estimated Taxable Assessed Valuation as of March 15, 2025 of \$114,917,669	11.07%

(a) Includes approximately \$2,750,000 principal amount of Contract Revenue Bonds expected to be issued by the Master District in the third quarter of 2025.

(b) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see "Estimated Overlapping Debt" above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are the taxes levied for the 2024 tax year by all entities overlapping the District and the anticipated 2025 tax rate for the District. None of the entities below have levied a 2025 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable Assessed Valuation
Comal County	\$ 0.264230
New Braunfels Independent School District	1.03770
Emergency Services District No. 7	0.05040
Total Overlapping Tax Rate	\$ 1.35233
The District (a)	0.85000
Total Tax Rate	\$ 2.20233

(a) The District authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 of taxable assessed valuation, of which \$0.200 per \$100 of taxable assessed valuation is expected to be allocated to debt service, \$0.115 per \$100 of taxable assessed valuation is expected to be allocated to Contract Tax, and \$0.535 per \$100 of taxable assessed valuation is expected to be allocated to maintenance and operations. The District expects to adopt such tax rate in September 2025. Such tax rate is subject to change prior to official levy. See "TAX DATA—Historical Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, the tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Tax Rate Distribution” and “Tax Roll Information” below.

Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants’ pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant’s certified appraised value by the total of all the Participants’ certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s Contract Revenue Bonds are issued. The District levied its initial contract tax in 2024. See “RISK FACTORS—Overlapping Master District Debt and Contract Tax” and “WATER, WASTEWATER AND DRAINAGE—The Master District.”

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted May 1, 2021, and voters of the District authorized the Board, among other things, to levy a maintenance tax at a rate not to exceed \$1.20 per \$100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

Tax Rate Distribution

	Anticipated 2025 (a)	2024	2023	2022	2021
Debt Service Tax	\$ 0.200	\$ 0.300	\$ 0.350	\$ -	\$ -
Contract Tax (b)	0.115	0.120	-	-	-
Maintenance Tax	<u>0.535</u>	<u>0.430</u>	<u>0.500</u>	<u>0.850</u>	<u>0.794</u>
Total District Tax Rate	\$ 0.850	\$ 0.850	\$ 0.850	\$ 0.850	\$0.794

- (a) The District authorized publication of its intent to levy a total tax rate of \$0.850 per \$100 of taxable assessed valuation, of which \$0.200 per \$100 of taxable assessed valuation is expected to be allocated to debt service, \$0.115 per \$100 of taxable assessed valuation is expected to be allocated to Contract Tax, and \$0.535 per \$100 of taxable assessed valuation is expected to be allocated to maintenance and operations. The District expects to adopt such tax rate in September 2025. Such tax rate is subject to change prior to official levy.
- (b) The District levied its initial contract tax in 2024.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See “Tax Roll Information” below.

	Certified Taxable			Total Collections	
	Assessed Valuation (a)	Tax Rate	Total Tax Levy	As of June 30, 2025 (b)	
				Amount	Percent
2021	\$ 47,314	\$ 0.794	\$ 376	\$ 376	100.00%
2022	10,078,410	0.850	85,666	85,666	100.00%
2023	22,076,214	0.850	187,648	182,110	97.05%
2024	62,315,338	0.850	529,680	516,186	97.45%

- (a) As certified by the Appraisal District.
- (b) Unaudited.

Tax Roll Information

The District's appraised value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2024 Certified Taxable Assessed Valuations. A breakdown of the Estimated Taxable Assessed Valuation as of March 15, 2025 is not currently available from the Appraisal District.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Net Assessed Valuation
	Land	Improvements	Personal Property			
2021	\$ 18,315,072	\$ 13,914	\$ -	\$ 18,328,986	\$ (18,281,672)	\$ 47,314
2022	22,518,719	22,470	-	22,541,189	(12,462,779)	10,078,410
2023	54,757,726	5,421,180	-	60,178,906	(38,102,692)	22,076,214
2024	52,839,457	18,997,416	102,910	71,939,783	(9,624,445)	62,315,338

Principal Taxpayers

The following table represents the ten principal taxpayers and their taxable appraised value as a percentage of the 2024 Certified Taxable Assessed Valuation of \$62,315,338. This represents ownership as of January 1, 2024. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of March 15, 2025, of \$114,917,669 is not available.

Taxpayer	2024 Certified Taxable Assessed Valuation	% of 2024 Certified Taxable Assessed Valuation
Veramendi PE-Emerald LLC (a)	\$ 29,635,272	47.56%
Veramendi PE-Fremantle LLC (a)	6,929,371	11.12%
Pulte Homes of Texas LP	2,971,790	4.77%
Veramendi PE-Darwin LLC (a)	1,754,120	2.81%
Individual	589,620	0.95%
Individual	522,940	0.84%
Individual	522,566	0.84%
Individual	511,190	0.82%
Individual	510,000	0.82%
Individual	493,390	0.79%
Total	\$ 44,440,259	71.32%

(a) See "THE DEVELOPER," "RISK FACTORS—Dependence on Major Taxpayers and the Developer" and "APPENDIX B."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2024 Certified Taxable Assessed Valuation of \$62,315,338 and Estimated Taxable Assessed Valuation as of March 15, 2025, of \$114,917,669. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Bonds and Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, and the sale of no additional bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2026-2051)	\$423,027
\$0.72 Tax Rate on 2024 Certified Taxable Assessed Valuation	\$426,237
\$0.39 Tax Rate on Estimated Taxable Assessed Valuation as of March 15, 2025	\$425,770

Maximum Annual Debt Service Requirement (2050)	\$445,738
\$0.76 Tax Rate on 2024 Certified Taxable Assessed Valuation	\$449,917
\$0.41 Tax Rate on Estimated Taxable Assessed Valuation as of March 15, 2025	\$447,604

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of March 15, 2025 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Comal Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Comal County, including the District. Such appraisal values are subject to review and change by the Comal County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a residence homestead exemption equal to exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1. The District currently does not grant a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Comal County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Comal County, the District, and the City of New Braunfels (if it were to annex the District), under certain circumstances, discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the

designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The District has been designated as a "Developing District" for tax year 2025. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. 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 subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS—Tax Collections Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "THE DISTRICT—General," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

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

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of certain maturities of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount

The issue price of certain maturities of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues

to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS—Tax Exemption” and “TAX MATTERS—Additional Federal Income Tax Considerations—Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM”). An explanation of the rating may be obtained from S&P. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND INSURANCE” and “APPENDIX C.”

There is no assurance that such rating will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its municipal bond insurance policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX C to this OFFICIAL STATEMENT.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

BAM's financial strength is rated "AA/Stable" by S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$482.1 million, \$246.4 million and \$235.7 million, respectively.

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

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

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

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

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants that have provided information used herein.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and the Master District's facilities and, in particular that information included in the sections entitled "THE DISTRICT," "ROAD SYSTEM," and "WATER, WASTEWATER AND DRAINAGE" has been provided by LJA Engineering, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of June 30, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's audited financials for the year ended June 30, 2024.

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Services, LLC has been employed by the District to service in this capacity.

Tax Appraisal and Collections: The Comal Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Bookkeeper: The information related to the unaudited summary of the District's General Operating Fund as it appears in "WATER, WASTEWATER AND DRAINAGE" has been provided from records of Municipal Accounts & Consulting, LP, and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If, subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (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.

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission (the “SEC”) regarding the District’s continuing disclosure obligations because the District has not issued more than \$10,000,000 in aggregate amount of bonds (including the Bonds) and no person is committed by contract or other arrangement with respect to payment of the Bonds. In the Bond Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) System.

Annual Reports

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB through EMMA. The financial information and operating data which will be provided with respect to the District is found in APPENDIX A (Auditor’s Report and Financial Statements and Supplemental Schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided regarding the District shall be prepared in accordance with generally accepted accounting principles 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. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles 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 year to the MSRB within such six-month period and audited financial statements when the audit report becomes available.

In addition, the District and the Developer have agreed to provide information with respect to the Developer, to any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District and the Developer will be obligated to provide information concerning the Developer and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District’s debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District’s bonds then outstanding. The information to be updated with respect to the Developer includes the information included in “APPENDIX B—Financial Information Concerning the Developer.”

The District’s current fiscal year end is June 30. Accordingly, it must provide updated information by December 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.

Specified 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 status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

Since the District's first issuance of Bonds in 2023, the District has materially complied with its continuing disclosure agreement in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Comal County Water Improvement District No. 1D, as of the date shown on the cover page.

/s/ Reyes Villarreal
President, Board of Directors

ATTEST:

/s/ Spencer Brandt
Secretary, Board of Directors

AERIAL LOCATION MAP
(Approximate Boundaries as of July 2025)

COMAL COUNTY WATER
IMPROVMENT DISTRICT No. 1D



PHOTOGRAPHS OF THE DISTRICT
(Taken July 2025)







APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended June 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

COMAL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1D
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Water Improvement District No. 1D (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Board of Directors
Comal County Water Improvement District No. 1D

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 15, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Management's discussion and analysis of the financial performance of Comal County Water Improvement District No. 1D (the "District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

This is the District-wide statement of position presenting information that includes all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

FUND FINANCIAL STATEMENTS

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$3,072,459 as of June 30, 2024. A portion of the District's net position reflects its net investment in capital assets, including intangible asset for the right to receive water and wastewater services, less any debt used to acquire those conveyed assets that is still outstanding.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 494,519	\$ 76,951	\$ 417,568
Intangible Assets (Net of Accumulated Amortization)	1,758,562	1,856,082	(97,520)
Capital Assets (Net of Accumulated Depreciation)	223,438	228,098	(4,660)
Total Assets	\$ 2,476,519	\$ 2,161,131	\$ 315,388
Bonds Payable	\$ 3,269,774	\$	\$ (3,269,774)
Due to Developer	2,205,926	4,685,493	2,479,567
Other Liabilities	73,278	7,768	(65,510)
Total Liabilities	\$ 5,548,978	\$ 4,693,261	\$ (855,717)
Net Position:			
Net Investment in Capital Assets	\$ (3,410,804)	\$ (2,572,813)	\$ (837,991)
Restricted	280,871		280,871
Unrestricted	57,474	40,683	16,791
Total Net Position	\$ (3,072,459)	\$ (2,532,130)	\$ (540,329)

The following table provides a summary of the District's operations for the years ending June 30, 2024, and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 186,254	\$ 85,667	\$ 100,587
Other Revenues	13,698	129	13,569
Total Revenues	\$ 199,952	\$ 85,796	\$ 114,156
Total Expenses	740,281	2,600,357	1,860,076
Change in Net Position	\$ (540,329)	\$ (2,514,561)	\$ 1,974,232
Net Position, Beginning of Year	(2,532,130)	(17,569)	(2,514,561)
Net Position, End of Year	\$ (3,072,459)	\$ (2,532,130)	\$ (540,329)

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of June 30, 2024, totaled \$451,425, an increase of \$383,102 from the prior year.

The District’s General Fund fund balance as of June 30, 2024, was \$72,988, an increase of \$4,665 from the prior year, primarily due to property tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$324,041, primarily due to capitalized interest received from the issuance of the Series 2023 road bonds.

The Capital Projects Fund fund balance increased by \$54,396, primarily due to the proceeds from the Series 2023 road bond issuance exceeding capital outlay, developer interest and bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund which was amended during the year to reflect a reduction in anticipated property tax revenues and increases to various categories of expenditures. Actual revenues were \$10,373 less than amended budgeted revenues and actual expenditures were \$8,382 less than amended budgeted expenditures, resulting in an overall negative variance compared to the amended budget of \$1,991. See the budget to actual comparison for more information.

CAPITAL AND INTANGIBLE ASSETS

Capital assets as of June 30, 2024, totaled \$223,438 (net of accumulated depreciation) and included stormwater drainage facilities. Intangible assets as of June 30, 2024, totaled \$1,758,562 (net of accumulated amortization) and included water and wastewater infrastructure conveyed to the City of New Braunfels (the “City”). More detailed information about the District’s capital assets and intangible assets is presented in the Notes to the Financial Statements.

LONG-TERM DEBT ACTIVITY

The District has total bond debt payable of \$3,300,000. The Series 2023 Road Bonds do not have an underlying rating or an insured rating. The changes in the debt position of the District during the fiscal year ended June 30, 2024, are summarized as follows:

Bond Debt Payable, July 1, 2023	\$ - 0 -
Add: Bond Sale	<u>3,300,000</u>
Bond Debt Payable, June 30, 2024	<u>\$ 3,300,000</u>

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects no change in General Fund fund balance. Revenues and expenditures are both budgeted to be \$133,814.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Comal County Water Improvement District No. 1D, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, TX 78701.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 4,936	\$
Investments	76,618	335,904
Receivables -		
Property Taxes	12,986	9,091
Due from Other Funds	11,863	
Intangible Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 106,403</u>	<u>\$ 344,995</u>
LIABILITIES		
Accounts Payable	\$ 20,429	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		11,863
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 20,429</u>	<u>\$ 11,863</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 12,986</u>	<u>\$ 9,091</u>
FUND BALANCES		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		324,041
Unassigned	<u>72,988</u>	
TOTAL FUND BALANCES	<u>\$ 72,988</u>	<u>\$ 324,041</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 106,403</u>	<u>\$ 344,995</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 95	\$ 5,031	\$	\$ 5,031
54,889	467,411		467,411
	22,077		22,077
	11,863	(11,863)	
		1,758,562	1,758,562
		223,438	223,438
<u>\$ 54,984</u>	<u>\$ 506,382</u>	<u>\$ 1,970,137</u>	<u>\$ 2,476,519</u>
\$ 588	\$ 21,017	\$	\$ 21,017
		52,261	52,261
		2,205,926	2,205,926
	11,863	(11,863)	
		65,000	65,000
		3,204,774	3,204,774
<u>\$ 588</u>	<u>\$ 32,880</u>	<u>\$ 5,516,098</u>	<u>\$ 5,548,978</u>
<u>\$ -0-</u>	<u>\$ 22,077</u>	<u>\$ (22,077)</u>	<u>\$ -0-</u>
\$ 54,396	\$ 54,396	\$ (54,396)	\$
	324,041	(324,041)	
	72,988	(72,988)	
<u>\$ 54,396</u>	<u>\$ 451,425</u>	<u>\$ (451,425)</u>	<u>\$ - 0 -</u>
<u>\$ 54,984</u>	<u>\$ 506,382</u>		
		\$ (3,410,804)	\$ (3,410,804)
		280,871	280,871
		57,474	57,474
		<u>\$ (3,072,459)</u>	<u>\$ (3,072,459)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$	451,425
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,982,000
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Deferred tax revenues for the 2023 tax levy became part of recognized revenue in the governmental activities of the District.		22,077
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (2,205,926)	
Accrued Interest Payable	(52,261)	
Bonds Payable	<u>(3,269,774)</u>	<u>(5,527,961)</u>
Total Net Position - Governmental Activities		<u>\$ (3,072,459)</u>

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

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 97,488	\$ 67,549
Penalty and Interest	2,372	1,751
Investment and Other Revenues	148	7,880
TOTAL REVENUES	<u>\$ 100,008</u>	<u>\$ 77,180</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 43,527	\$
Contracted Services	36,544	
Repairs and Maintenance	1,050	
Depreciation and Amortization		
Other	14,222	60
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		66,629
Bond Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 95,343</u>	<u>\$ 66,689</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 4,665</u>	<u>\$ 10,491</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$	\$ 313,550
Bond Discount		
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ -0-</u>	<u>\$ 313,550</u>
NET CHANGE IN FUND BALANCES	\$ 4,665	\$ 324,041
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2023	<u>68,323</u>	
FUND BALANCES/NET POSITION - JUNE 30, 2024	<u>\$ 72,988</u>	<u>\$ 324,041</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 165,037	\$ 21,217	\$ 186,254
	4,123		4,123
1,547	9,575		9,575
<u>\$ 1,547</u>	<u>\$ 178,735</u>	<u>\$ 21,217</u>	<u>\$ 199,952</u>
\$ 588	\$ 44,115	\$	\$ 44,115
	36,544		36,544
	1,050		1,050
		102,180	102,180
69	14,351		14,351
2,479,567	2,479,567	(2,479,567)	
155,172	155,172		155,172
	66,629	53,134	119,763
267,106	267,106		267,106
<u>\$ 2,902,502</u>	<u>\$ 3,064,534</u>	<u>\$ (2,324,253)</u>	<u>\$ 740,281</u>
<u>\$ (2,900,955)</u>	<u>\$ (2,885,799)</u>	<u>\$ 2,345,470</u>	<u>\$ (540,329)</u>
\$ 2,986,450	\$ 3,300,000	\$ (3,300,000)	\$
(31,099)	(31,099)	31,099	
<u>\$ 2,955,351</u>	<u>\$ 3,268,901</u>	<u>\$ (3,268,901)</u>	<u>\$ -0-</u>
\$ 54,396	\$ 383,102	\$ (383,102)	\$
		(540,329)	(540,329)
	68,323	(2,600,453)	(2,532,130)
<u>\$ 54,396</u>	<u>\$ 451,425</u>	<u>\$ (3,523,884)</u>	<u>\$ (3,072,459)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance - Governmental Funds	\$ 383,102
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	21,217
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Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities, and intangible assets are amortized and amortization expense is recorded in the Statement of Activities.	(102,180)
--	-----------

Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases or due to developer liability is decreased.	2,479,567
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In the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	30,226
--	--------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(52,261)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(3,300,000)
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Change in Net Position - Governmental Activities	<u>\$ (540,329)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1 was created on June 19, 2009 pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code. On August 11, 2017, Comal County Water Improvement District No. 1 was divided into three distinct districts consisting of Comal County Water Improvement District No. 1A, Comal County Water Improvement District No. 1B and Comal County Master Water Improvement District (the “Master District”). Comal County Water Improvement District No. 1D (the “District”) was created on February 5, 2021 pursuant to an order dividing Comal County Water Improvement District No. 1B (the “Original District”) into five distinct districts consisting of the Original District, the District, Comal County Water Improvement District No. 1C, Comal County Water Improvement District No. 1E and Comal County Water Improvement District No. 1F. The District, a conservation and reclamation district, was created under and essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on February 5, 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the Statement of Activities.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

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

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

General Fund - To account for resources not required to be accounted for in another fund, operating costs, professional fees, and administrative costs.

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At June 30, 2024, the Debt Service Fund owed the General Fund \$11,863 for property tax collections.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Intangible Assets

Intangible assets are reported in the Statement of Net Position and are valued at the cost of water and wastewater facilities conveyed to the City of New Braunfels net of related amortization. The intangible assets pertaining to water and wastewater facilities are amortized over 30 years, the original 15-year term from the effective date of the Utility Construction Cost Sharing Agreement for the Veramendi Development plus an additional, extended 15-year term per the contract. See also Notes 7 and 12.

Capital Assets

Capital assets include stormwater drainage facilities and are reported in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method over 10 to 50 years.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. The Statement of Net Position and Statement of Activities present governmental activities using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

Budgeting

An annual budget is adopted for the General Fund by the Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT

	<u>Series 2023 Road</u>
Amount Outstanding - June 30, 2024	\$3,300,000
Interest Rates	4.15% - 5.00%
Maturity Dates -Serially Beginning/Ending	September 1, 2024/2050
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2030*

* Or on any date thereafter, at a price of par, plus accrued interest to the date of redemption. Series 2023 Road term bonds maturing on September 1, 2042, 2046 and 2050 are subject to mandatory redemption on September 1, 2039, 2043 and 2047 , respectively.

Changes in bonds payable for the current fiscal year are summarized in the following table:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>
Bonds Payable	\$	\$ 3,300,000	\$	\$ 3,300,000
Unamortized Discounts		(31,099)	(873)	(30,226)
Bonds Payable, Net	<u>\$ -0-</u>	<u>\$ 3,268,901</u>	<u>\$ (873)</u>	<u>\$ 3,269,774</u>
		Amount Due Within One Year		\$ 65,000
		Amount Due After One Year		<u>3,204,774</u>
		Bonds Payable, Net		<u>\$ 3,269,774</u>

On September 28, 2023, the District issued \$3,300,000 of Unlimited Tax Road Bonds, Series 2023, with interest rates ranging from 4.15% to 5.00%. The net proceeds of \$3,017,895 (after payment of the underwriter fees and other bond related costs) were deposited with the District's investment accounts to finance developer funded road construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 65,000	\$ 155,426	\$ 220,426
2026	65,000	152,729	217,729
2027	65,000	150,031	215,031
2028	70,000	147,230	217,230
2029	75,000	144,221	219,221
2030-2034	425,000	670,681	1,095,681
2035-2039	545,000	563,937	1,108,937
2040-2044	690,000	414,500	1,104,500
2045-2049	880,000	219,500	1,099,500
2050-2051	420,000	21,250	441,250
	<u>\$ 3,300,000</u>	<u>\$ 2,639,505</u>	<u>\$ 5,939,505</u>

As of June 30, 2024, the District had \$133,000,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sewer and drainage facilities and \$199,500,000 authorized but unissued for refunding purposes of these unlimited tax bonds. As of June 30, 2024, the District also had \$50,200,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing road improvements and \$80,250,000 authorized but unissued for refunding purposes of these unlimited tax bonds.

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

During the year ended June 30, 2024, the District levied a total ad valorem debt service tax rate of \$0.35 per \$100 of assessed valuation. This resulted in a tax levy of \$76,640 on the adjusted taxable valuation of \$21,897,040 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond order states that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The Series 2023 bond order required bond proceeds of \$313,550 to be deposited into the Debt Service Fund and restricted for the payment of bond interest.

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits and the cash balance were \$5,031. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits as of June 30, 2024, are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 4,936
CAPITAL PROJECTS FUND	<u> 95</u>
TOTAL DEPOSITS	<u><u>\$ 5,031</u></u>

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2024, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 76,618	\$ 76,618
<u>DEBT SERVICE FUND</u>		
Texas CLASS	335,904	335,904
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	54,889	54,889
TOTAL INVESTMENTS	\$ 467,411	\$ 467,411

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investment in Texas CLASS was rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change of value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. MAINTENANCE AND CONTRACT TAXES

On May 1, 2021, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended June 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.50 per \$100 of assessed valuation, which resulted in a tax levy of \$109,485 on the adjusted taxable valuation of \$21,897,040 for the 2023 tax year. This maintenance tax is to be used to pay expenditures of operating the District.

On May 1, 2021, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for operation and maintenance of the regional water, wastewater and drainage systems (see further discussion in Note 11). To date, the District has not levied a contract tax.

NOTE 7. INTANGIBLE ASSETS

Intangible asset activity for the current fiscal year is summarized in the following table. See also Note 12 for more information on intangible assets.

	July 1, 2023	Increases	Decreases	June 30, 2024
Intangible Assets Subject to Amortization				
Right to Receive Service - Water and Wastewater Systems	\$ 1,945,076	\$	\$	\$ 1,945,076
Accumulated Amortization				
Right to Receive Service - Water and Wastewater Systems	88,994	97,520		186,514
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 1,856,082</u>	<u>\$ (97,520)</u>	<u>\$ - 0 -</u>	<u>\$ 1,758,562</u>

Roads and road improvements are conveyed to Comal County for ownership and maintenance. At June 30, 2024, road and road improvements conveyed to the County totaled \$2,479,567.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table.

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Subject to Depreciation				
Stormwater Drainage System	\$ 232,350	\$	\$	\$ 232,350
Accumulated Depreciation				
Stormwater Drainage System	<u>4,252</u>	<u>4,660</u>	<u></u>	<u>8,912</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 228,098</u>	<u>\$ (4,660)</u>	<u>\$ - 0 -</u>	<u>\$ 223,438</u>

NOTE 9. COMMITMENTS AND CONTINGENCIES

The Developer of the land within the District has incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

During the current fiscal year, the District issued \$3,300,000 of bonds to fund the costs of road and road improvements. The following table summarizes the due to developer activity for the current fiscal year:

Due to Developer, July 1, 2023	\$ 4,685,493
Less: Current Year Reimbursements	<u>(2,479,567)</u>
Due to Developer, June 30, 2024	<u>\$ 2,205,926</u>

NOTE 10. RISK MANAGEMENT

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. MASTER DISTRICT CONTRACT

The District is part of the master-planned community of “Veramendi”. Veramendi is comprised of the District, Comal County Water Improvement District No. 1A (“District No. 1A”), Comal County Water Improvement District No. 1B (“District No. 1B”), Comal County Water Improvement District No. 1C (“District No. 1C”), Comal County Water Improvement District No. 1E (“District No. 1E”), Comal County Water Improvement District No. 1F (“District No. 1F”) and Comal County Master Water Improvement District (“Master District”) (collectively, the “Districts”). On August 11, 2017, a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between District No. 1A, District No. 1B and the Master District (the “Master District Contract”) was entered into in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to the District, District No. 1C, District No. 1E and District No. 1F. Subsequently, the Districts entered into a First Amendment to the Master District Contract to allow the Master District to designate a district as a Participant for the purposes of triggering the payment obligations arising under the Master District Contract including but not limited to the obligation to levy an ad valorem tax to satisfy each Participant’s pro rata share of debt service requirements and the obligation to pay out of available revenues each Participant’s monthly charges. Currently, the District, District No. 1A and District No. 1F have been designated as Participants by the Master District, based on active development within their boundaries, receipt of services provided by the Master District Facilities and in accordance with the terms of the Master District Contract. District No. 1B, District No. 1C and District No. 1E are expected to be designated by the Master District as Participants at a future time.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the “Regional Facilities”), and each Participant will pay their pro rata share of such costs.

The Master District will establish an Operation and Maintenance reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance costs. The Participants’ share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections (“ESFCs”) within each Participant by the monthly unit costs per ESFC in the Master District’s budget. The Master District did not incur any expenditures or bill the Participants for the year ended June 30, 2024.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 12. UTILITY AGREEMENT WITH THE CITY OF NEW BRAUNFELS

Customers of the District receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between the District and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the “Internal Facilities”) are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 1,014,400	\$ 110,381	\$ 97,488	\$ (12,893)
Penalty and Interest			2,372	2,372
Investment and Other Revenues			148	148
TOTAL REVENUES	<u>\$ 1,014,400</u>	<u>\$ 110,381</u>	<u>\$ 100,008</u>	<u>\$ (10,373)</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 45,000	\$ 66,500	\$ 43,527	\$ 22,973
Contracted Services	4,600	17,000	36,544	(19,544)
Other	15,215	20,225	15,272	4,953
TOTAL EXPENDITURES	<u>\$ 64,815</u>	<u>\$ 103,725</u>	<u>\$ 95,343</u>	<u>\$ 8,382</u>
NET CHANGE IN FUND BALANCE	\$ 949,585	\$ 6,656	\$ 4,665	\$ (1,991)
FUND BALANCE - JULY 1, 2023	<u>68,323</u>	<u>68,323</u>	<u>68,323</u>	
FUND BALANCE - JUNE 30, 2024	<u>\$ 1,017,908</u>	<u>\$ 74,979</u>	<u>\$ 72,988</u>	<u>\$ (1,991)</u>

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2024

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024

1. SERVICES PROVIDED BY THE DISTRICT:

<input type="checkbox"/> Retail Water	<input type="checkbox"/> Wholesale Water	<input type="checkbox"/> Drainage
<input type="checkbox"/> Retail Sewer	<input type="checkbox"/> Wholesale Wastewater	<input type="checkbox"/> Irrigation
<input type="checkbox"/> Parks/Recreation	<input type="checkbox"/> Fire Protection	<input type="checkbox"/> Security
<input type="checkbox"/> Solid Waste/Garbage	<input type="checkbox"/> Flood Control	<input checked="" type="checkbox"/> Roads
<input checked="" type="checkbox"/> Participates in joint venture or regional system		
Other: <u>The District does not provide water and wastewater services. Retail</u>		
<input checked="" type="checkbox"/> <u>water and wastewater service is provided by the City of New Braunfels.</u>		

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

PROFESSIONAL FEES:

Legal	\$ 10,682
Engineering	11,345
Auditing	<u>21,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 43,527</u>

CONTRACTED SERVICES:

Bookkeeping	\$ 30,253
Appraisal District and Tax Assessment and Collection Costs	<u>6,291</u>
TOTAL CONTRACTED SERVICES	<u>\$ 36,544</u>

REPAIRS AND MAINTENANCE	<u>\$ 1,050</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 10,468
Insurance	1,795
Office Supplies and Postage	413
Website, Meetings, and Other	<u>1,546</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 14,222</u>

TOTAL EXPENDITURES	<u><u>\$ 95,343</u></u>
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See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
INVESTMENTS
JUNE 30, 2024

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0003	Varies	Daily	\$ 76,618	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 335,904	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 54,889	\$ - 0 -
TOTAL - ALL FUNDS				\$ 467,411	\$ - 0 -

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2023	\$	860	\$	-0-
Adjustments to Beginning				
Balance		<u>129</u>		<u>\$ -0-</u>
Original 2023 Tax Levy	\$	110,381	\$	77,267
Adjustment to 2023 Tax Levy		<u>(896)</u>	<u>109,485</u>	<u>(627)</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 110,474		\$ 76,640
TAX COLLECTIONS:				
Prior Years	\$	989	\$	
Current Year		<u>96,499</u>	<u>67,549</u>	<u>67,549</u>
TAXES RECEIVABLE -				
JUNE 30, 2024		<u>\$ 12,986</u>		<u>\$ 9,091</u>
TAXES RECEIVABLE BY				
YEAR -				
2023		<u>\$ 12,986</u>		<u>\$ 9,091</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 56,329,780	\$ 22,518,719	\$ 18,315,072
Improvements	5,266,760	22,470	13,914
Exemptions	<u>(39,699,500)</u>	<u>(12,462,779)</u>	<u>(18,281,672)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 21,897,040</u>	<u>\$ 10,078,410</u>	<u>\$ 47,314</u>
TAX RATES PER \$100 VALUATION:			
Debt Service	\$ 0.35	\$ 0.00	\$ 0.000
Maintenance	<u>0.50</u>	<u>0.85</u>	<u>0.794</u>
Total	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.794</u>
ADJUSTED TAX LEVY*	<u>\$ 186,125</u>	<u>\$ 85,667</u>	<u>\$ 376</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>88.14 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

Maintenance Tax – A maximum tax rate of \$1.20 per \$100 of assessed valuation was approved by voters on May 1, 2021.

Contract Tax – On May 1, 2021, voters approved the levy of contract tax sufficient to make payments required under the Master District Contract for operation and maintenance of the Regional Facilities.

See accompanying independent auditor's report.

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COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

S E R I E S - 2 0 2 3 R O A D			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 65,000	\$ 155,426	\$ 220,426
2026	65,000	152,729	217,729
2027	65,000	150,031	215,031
2028	70,000	147,230	217,230
2029	75,000	144,221	219,221
2030	75,000	141,109	216,109
2031	80,000	137,873	217,873
2032	85,000	134,386	219,386
2033	90,000	130,645	220,645
2034	95,000	126,668	221,668
2035	100,000	122,425	222,425
2036	100,000	117,975	217,975
2037	110,000	113,195	223,195
2038	115,000	107,962	222,962
2039	120,000	102,380	222,380
2040	125,000	96,375	221,375
2041	130,000	90,000	220,000
2042	140,000	83,250	223,250
2043	145,000	76,125	221,125
2044	150,000	68,750	218,750
2045	160,000	61,000	221,000
2046	165,000	52,875	217,875
2047	175,000	44,375	219,375
2048	185,000	35,375	220,375
2049	195,000	25,875	220,875
2050	205,000	15,875	220,875
2051	215,000	5,375	220,375
	<u>\$ 3,300,000</u>	<u>\$ 2,639,505</u>	<u>\$ 5,939,505</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
CHANGE IN LONG-TERM BOND DEBT
JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023
Comal County Water Improvement District No. 1D Unlimited Tax Road Bonds - Series 2023	<u>\$ 3,300,000</u>	<u>\$ - 0 -</u>

Bond Authority:	Water, Sewer and Drainage Tax Bonds	Water, Sewer and Drainage Refunding Bonds	Road Tax Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 133,000,000	\$ 199,500,000	\$ 53,500,000	\$ 80,250,000
Amount Issued	<u> </u>	<u> </u>	<u>3,300,000</u>	<u> </u>
Remaining to be Issued	<u>\$ 133,000,000</u>	<u>\$ 199,500,000</u>	<u>\$ 50,200,000</u>	<u>\$ 80,250,000</u>

Debt Service Fund cash and investment balances as of June 30, 2024: \$ 335,904

Average annual debt service payment for remaining term of all debt: \$ 219,982

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions			Bonds Outstanding June 30, 2024	Paying Agent
Bonds Sold	Retirements			
	Principal	Interest		
\$ 3,300,000	\$ - 0 -	\$ 66,629	\$ 3,300,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FOUR YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 97,488	\$ 84,807	\$ 376
Penalty and Interest	2,372	129	
Investment and Other Revenues	148		
TOTAL REVENUES	<u>\$ 100,008</u>	<u>\$ 84,936</u>	<u>\$ 376</u>
EXPENDITURES			
Professional Fees	\$ 43,527	\$ 12,229	\$
Contracted Services	36,544	5,293	1,551
Repairs and Maintenance	1,050		
Other	14,222	10,022	6,380
TOTAL EXPENDITURES	<u>\$ 95,343</u>	<u>\$ 27,544</u>	<u>\$ 7,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 4,665</u>	<u>\$ 57,392</u>	<u>\$ (7,555)</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ - 0 -</u>	<u>\$ 9,000</u>	<u>\$ 4,500</u>
NET CHANGE IN FUND BALANCE	\$ 4,665	\$ 66,392	\$ (3,055)
BEGINNING FUND BALANCE	<u>68,323</u>	<u>1,931</u>	<u>4,986</u>
ENDING FUND BALANCE	<u><u>\$ 72,988</u></u>	<u><u>\$ 68,323</u></u>	<u><u>\$ 1,931</u></u>

* - Unaudited

See accompanying independent auditor's report.

	Percentage of Total Revenues			
<u>2021*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021*</u>
\$	97.5 %	99.8 %	100.0 %	%
	2.4	0.2		
	<u>0.1</u>			
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A %</u>
\$ 4,375	43.6 %	14.4 %	%	%
	36.5	6.2	412.5	
	1.0			
<u>5,639</u>	<u>14.2</u>	<u>11.8</u>	<u>1,696.8</u>	
<u>\$ 10,014</u>	<u>95.3 %</u>	<u>32.4 %</u>	<u>2,109.3 %</u>	<u>N/A %</u>
<u>\$ (10,014)</u>	<u>4.7 %</u>	<u>67.6 %</u>	<u>(2,009.3) %</u>	<u>N/A %</u>
<u>\$ 15,000</u>				
\$ 4,986				
<u>\$ 4,986</u>				

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FOUR YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 67,549	\$	\$
Penalty and Interest	1,751		
Investment and Miscellaneous Revenues	7,880		
TOTAL REVENUES	<u>\$ 77,180</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 60	\$	\$
Debt Service Interest and Fees	66,629		
TOTAL EXPENDITURES	<u>\$ 66,689</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 10,491</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
OTHER FINANCING SOURCES			
Proceeds from Issuance of Long-Term Debt	<u>\$ 313,550</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	<u>\$ 324,041</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
BEGINNING FUND BALANCE	<u></u>	<u></u>	<u></u>
ENDING FUND BALANCE	<u>\$ 324,041</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

	Percentage of Total Revenues			
<u>2021*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021*</u>
\$	87.5 %	%	%	%
	2.3			
	<u>10.2</u>			
<u>\$ - 0 -</u>	<u>100.0 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
\$	0.1 %	%	%	%
	<u>86.3</u>			
<u>\$ - 0 -</u>	<u>86.4 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
<u>\$ - 0 -</u>	<u>13.6 %</u>	<u>N/A %</u>	<u>N/A %</u>	<u>N/A %</u>
<u>\$ - 0 -</u>				
\$ - 0 -				
<u>\$ - 0 -</u>				

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

District Mailing Address - Comal County Water Improvement District No. 1D
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, Texas 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>June 30, 2024</u>	Expense Reimbursements for the year ended <u>June 30, 2024</u>	<u>Title</u>
Reyes Villarreal	05/22 05/26 (Elected)	\$ 1,105	\$ -0-	President
Sandra N. Stolte	05/24 05/28 (Elected)	\$ 2,431	\$ -0-	Vice President
Spencer Gregory Brandt	05/24 05/28 (Elected)	\$ 2,652	\$ 73	Secretary
Lark E. Mason III	05/22 05/26 (Elected)	\$ 1,326	\$ -0-	Assistant Secretary
Jolene E. Lane-Huereca	05/24 05/28 (Elected)	\$ 2,210	\$ -0-	Assistant Secretary

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants.

Submission Date of most recent District Registration Form: May 21, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1D
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2024</u>	<u>Title</u>
Consultants:			
Allen Boone Humphries Robinson LLP	11/02/22	\$ 11,716 \$ 101,065	General Counsel Bond Related
McCall Gibson Swedlund Barfoot PLLC	06/20/23	\$ 21,500* \$ 15,000	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	01/16/24	\$ 24,791	Bookkeeper
L&S District Services, LLC	02/05/21	\$ 6,167 \$ 900	Former Bookkeeper Bond Related
LJA Engineering, Inc.	02/05/21	\$ 11,345	Engineer
Masterson Advisors LLC	02/05/21	\$ 69,489	Financial Advisor
Mark Burton and Ghia Lewis	01/16/24	\$ -0-	Investment Officers

* Includes two years of audit fees for both fiscal year 2022 and 2023 audits.

See accompanying independent auditor's report.

APPENDIX B

Financial Information Concerning the Developer

The Developer has delivered the consolidated financial statements included in this APPENDIX B (the “Financial Information”) to the District for publication in connection with the District’s offer and sale of the Bonds. Certain financial information concerning the Developer is included herein solely as additional information concerning the financial condition and capability of the Developer. Such Financial Information is relevant, among other reasons, to the Developer’s ability to continue developing its land within the District and to pay ad valorem taxes thereon. The Developer is not responsible for, liable for, or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of the Financial Information herein should not be construed as an implication to that effect. The Developer has not made any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of property within the District, or any other assets, at any time. Therefore, the District cautions that the attached Financial Information should not be construed or interpreted as an indication of the investment security of the Bonds. The Developer has represented to the District that the Financial Information relating to it has been prepared from its books and records, and fairly presents its financial condition. The Developer has also represented to the District that the Financial Information 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 change in the financial condition of the Developer since the date on which the Financial Information is presented.

VERAMENDI PE – EMERALD, LLC

FINANCIAL STATEMENTS

**Year Ended December 31, 2024
with Independent Accountant's Compilation Report**

VERAMENDI PE – EMERALD, LLC

FINANCIAL STATEMENTS

Year Ended December 31, 2024

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Members of
Veramendi PE – Emerald, LLC

Management is responsible for the accompanying financial statements of Veramendi PE – Emerald, LLC, (the “Company”) which comprise the balance sheet as of December 31, 2024, and the related statements of operations, and changes in members’ deficit for the year then ended, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by GAAP. If the omitted disclosures and statement of cash flows were to be included in the financial statements, they might influence the user’s conclusions about the Company’s financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Whitley Penn LLP

San Antonio, Texas
July 11, 2025

VERAMENDI PE – EMERALD, LLC

BALANCE SHEET

December 31, 2024

Assets

Current Assets	
Cash and cash equivalents	\$ 2,344,018
Accounts receivable	50
Total current assets	<u>2,344,068</u>
 Prepaid sales fees and other assets	 384,902
Land under development	26,568,774
Property and equipment, net	75,045
Related party receivables	<u>90,659</u>
 Total assets	 <u><u>\$ 29,463,448</u></u>

Liabilities and Members' Deficit

Current Liabilities	
Accounts payable	\$ 315,321
Accrued expenses	14,882,055
Lines of credit	<u>9,992,098</u>
Total current liabilities	<u>25,189,474</u>
 Customer deposits	 2,190,593
Related party payables	48,697
Notes payable, related party	<u>2,949,086</u>
Total liabilities	<u><u>30,377,850</u></u>
 Commitments and contingencies	
 Members' deficit	 <u>(914,402)</u>
 Total liabilities and members' deficit	 <u><u>\$ 29,463,448</u></u>

See independent accountant's compilation report.

VERAMENDI PE – EMERALD, LLC

STATEMENT OF OPERATIONS

Year Ended December 31, 2024

Revenue

Real estate sales	\$ -
Total revenue	-
Construction and land costs	-
Gross profit	-

Operating Expenses

Advertising	95,652
Bank fees	148
Depreciation	10,687
Property taxes, dues and subscriptions	7,352
Insurance	47,806
Office expense	38,516
Professional fees	47,516
Rent	96,360
Utilities	38,339
Vehicles	10,866
Total operating expenses	393,242

Other Income

Other income	150
Total other income	150

Net loss	\$ (393,092)
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See independent accountant's compilation report.

VERAMENDI PE – EMERALD, LLC

STATEMENT OF CHANGES IN MEMBERS' DEFICIT

Year Ended December 31, 2024

Balance at January 1, 2024	\$ (521,310)
Net loss	<u>(393,092)</u>
Balance at December 31, 2024	<u><u>\$ (914,402)</u></u>

See independent accountant's compilation report.

APPENDIX C

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN