

OFFICIAL STATEMENT DATED SEPTEMBER 9, 2025

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, COURT DECISIONS, AND PUBLISHED RULINGS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS.

THE DISTRICT DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. See "TAX MATTERS – 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.

\$7,000,000

LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 5

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

UNLIMITED TAX ROAD BONDS, SERIES 2025

Dated: October 1, 2025

Due: September 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar," "Paying Agent" or "Registrar"). Interest on the Bonds will accrue from the date of initial delivery (expected to be on or about October 15, 2025) (the "Date of Delivery") and be payable on March 1, 2026 and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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



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.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due	Principal	Interest	Initial	CUSIP	Due	Principal	Interest	Initial	CUSIP
(September 1)	Amount	Rate	Reoffering	Number (b)	(September 1)	Amount	Rate	Reoffering	Number (b)
2028	\$ 175,000	6.500%	2.700%	51218K BY1	2039	\$ 310,000 (c)	4.250%	4.300%	51218K CK0
2029	185,000	6.500%	2.750%	51218K BZ8	2040	325,000 (c)	4.250%	4.400%	51218K CL8
2030	195,000	6.500%	2.850%	51218K CA2	2041	345,000 (c)	4.375%	4.500%	51218K CM6
2031	205,000	6.500%	3.000%	51218K CB0	2042	360,000 (c)	4.375%	4.600%	51218K CN4
2032	215,000 (c)	6.500%	3.100%	51218K CC8	2043	380,000 (c)	4.375%	4.650%	51218K CP9
2033	230,000 (c)	6.500%	3.250%	51218K CD6	2044	400,000 (c)	4.500%	4.700%	51218K CQ7
2034	240,000 (c)	5.500%	3.400%	51218K CE4	2045	420,000 (c)	4.500%	4.750%	51218K CR5
2035	255,000 (c)	4.000%	3.750%	51218K CF1	2046	445,000 (c)	4.500%	4.800%	51218K CS3
2036	265,000 (c)	4.000%	3.900%	51218K CG9	2047	465,000 (c)	4.500%	4.840%	51218K CT1
2037	280,000 (c)	4.000%	4.000%	51218K CH7	2048	490,000 (c)	4.500%	4.880%	51218K CU8
2038	295,000 (c)	4.125%	4.150%	51218K CJ3	2049	520,000 (c)	4.500%	4.920%	51218K CV6

- (a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (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 prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Lakeside Municipal Utility District No. 5 (the "District") and will be payable from the proceeds of an annual ad valorem tax, within legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, Texas, the City of Pflugerville or any entity other than the District. The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about October 15, 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, resolutions, 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 Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701, upon payment of duplication costs.

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 and thereafter only as specified in “PREPARATION OF 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 B—Specimen Municipal Bond Insurance Policy.”

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC AND, CONSEQUENTLY, HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

<i>The Issuer</i>	Lakeside Municipal Utility District No. 5 (the “District”), a political subdivision of the State of Texas, is located in Travis County, Texas. See “THE DISTRICT.”
<i>The Issue</i>	\$7,000,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”) are issued pursuant to an order (the “Bond Order”) of the District’s Board of Directors. The Bonds will be issued as fully registered bonds maturing on September 1 in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery (expected to be October 15, 2025) and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”
<i>Redemption</i>	Bonds maturing on or after September 1, 2032, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2031, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS—Redemption Provisions.”
<i>Source of and Security for</i> <i>Payment</i>	The Bonds are payable from a continuing direct annual ad valorem tax, within legal limitation as to rate or amount, levied upon all taxable property within the District (see “TAX PROCEDURES”). The Bonds are obligations of the District and are not obligations of the State of Texas; Travis County, Texas; the City of Pflugerville (the “City”) or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Payment Record</i>	The District has previously issued one series of unlimited tax bonds for the purpose of constructing road facilities and one series of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, all of which remains outstanding as of September 1, 2025 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on its previously issued bonds (which included up to eighteen (18) months of capitalized interest).
<i>Use of Proceeds</i>	Proceeds from sale of the Bonds will be used, in part, to reimburse the Developers (hereinafter defined) for the construction costs shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” Bond proceeds will also be used to capitalize eighteen (18) months of interest on the Bonds, to pay developer interest and to pay certain costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Qualified Tax-Exempt</i> <i>Obligations</i>	The District designated the Bonds as “qualified tax-exempt obligations for financial institutions.” See “TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions.”

Municipal Bond Rating and

Municipal Bond Insurance..... 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 B.”

Authority for Issuance..... At bond elections held within the District on May 9, 2015, and November 3, 2020, the voters of the District authorized the issuance of a total of \$240,000,000 aggregate principal amount of unlimited tax bonds for the purpose of constructing road facilities. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article III, Section 52 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended. See “RISK FACTORS—Future Debt,” “THE BONDS—Authority for Issuance,” and “—Issuance of Additional Debt.”

Book-Entry-Only System..... 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 Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”

Bond Counsel..... McCall, Parkhurst & Horton L.L.P., Austin, Texas.

General Counsel Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas

Financial Advisor..... Masterson Advisors LLC, Austin, Texas.

District Engineer..... Jones-Heroy & Associates, Inc., Austin, Texas.

Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

Paying Agent/Registrar..... BOKF, NA, Dallas, Texas.

THE DISTRICT

Description and Location.....The District was created by order of the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”), dated August 11, 2008. The District contains approximately 451 acres of land. The District is located in the northeast portion of Travis County approximately seven miles northeast of the central area of the City of Pflugerville, Texas (the “City”), which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the north by Rowe Lane, on the east by County Road 198, on the south by Cele Road, and on the west by Hodde Lane. Access to the District is presently provided via Texas Highway 130 (“TX 130”), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 (“IH 35”), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 (“TX 45”), an east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately three miles from the District. The District lies totally within the exclusive extraterritorial jurisdiction of the City. See “THE DISTRICT” and “AERIAL LOCATION MAP.”

Status of Development.....The land within the District is being developed primarily for single family residential purposes, and is within the Blackhawk development (“Blackhawk”). Blackhawk has been and is being developed by various land owners, developers and builders, including, among others, Rowe Lane Development Ltd., the original developer, and is planned to include approximately 2,507 acres of land. Four water control and improvement districts and three municipal utility districts have been formed to include the 2,507 acres of land, and active single family residential development is occurring, or has been completed, within all of the districts except for one. To date, approximately 4,408 single family residential lots have been developed within Blackhawk, and approximately 4,175 houses are completed or are in various stages of construction, including approximately 265 houses within the District.

Development of water, sanitary sewer, and drainage facilities to serve the Ridge at Blackhawk, Phase 1, Sections 1 and 2 (approximately 76 acres of land developed into 199 single family residential lots) and the Grove at Blackhawk, Sections 1 through 4 (approximately 133 acres of land developed into 293 single-family residential lots) within the District is complete. As of August 1, 2025, the District contained 187 single-family homes completed and occupied, 7 single-family homes completed and not occupied, 4 completed model homes, 2 models under construction, 65 single-family homes in various stages of construction, and 227 developed lots available to new home construction. Builders in the District include GFO Home, Coventry Homes, Scott Felder Homes, Saratoga Homes, and Chesmar Homes. New homes in the District range in offering prices from approximately \$500,000 to \$850,000.

Construction of water, sanitary sewer, and drainage facilities to serve the Grove at Blackhawk, Section 5, (approximately 17 acres of land being developed into 80 single-family residential lots) is underway and lots are expected to be available for home construction in the fourth quarter of 2025.

In addition to the development described above, the District contains approximately 149 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. See “THE DISTRICT – Status of Development.”

The Developers.....Major water, sewer and drainage facilities and streets to serve land within the District have been developed by Rowe Lane Development, Ltd. (“RLD”), a Texas limited partnership. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by RABH12, LLC and GABH, LLC, both of which are related to RLD. These entities, including RLD, may be collectively referred to herein as the “Developers.” The general partner of RLD is Tiemann Land and Cattle Development, Inc. (“TLCD”), and the sole limited partner is Tiemann Legacy, LP (“Tiemann Legacy”). Robert Tiemann and Carrie Tiemann, of Pflugerville, Texas, are the sole shareholders of TLCD. Prior to the development of Blackhawk, Mr. and Mrs. Tiemann owned or controlled the 2,507 acres planned for Blackhawk, including the land which has been developed within the District. See “THE DEVELOPERS.”

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 PARTICULARLY THE SECTION CAPTIONED “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation	\$116,732,171	(a)
Estimated Taxable Assessed Valuation as of July 1, 2025	\$134,517,313	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$16,900,000	(c)
Ratios of Gross Debt to:		
2025 Taxable Assessed Valuation	14.48%	
Estimated Taxable Assessed Valuation as of July 1, 2025	12.56%	
2025 Tax Rate:		
Debt Service	\$0.53	
Maintenance and Operations	<u>0.44</u>	
Total	\$0.97/\$100 A.V.	(d)
Maximum Annual Debt Service Requirements (2048)		
of the Bonds and the Outstanding Bonds		
("Maximum Annual Requirement")	\$1,258,613	(e)
Average Annual Debt Service Requirements (2026-2049)		
of the Bonds and the Outstanding Bonds		
("Average Annual Requirement")	\$1,144,632	(e)
Tax rate required to pay Maximum Annual Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$1.14/\$100 A.V.	(f)
Estimated Taxable Assessed Valuation as of July 1, 2025 at a 95% collection rate	\$0.99/\$100 A.V.	(f)
Tax rate required to pay Average Annual Requirement based upon:		
2025 Taxable Assessed Valuation at a 95% collection rate	\$1.04/\$100 A.V.	(f)
Estimated Taxable Assessed Valuation as of July 1, 2025 at a 95% collection rate	\$0.90/\$100 A.V.	(f)
Status of Home Construction as of August 1, 2025 (g):		
Single-Family Residential – Completed and Occupied	187	
Single-Family Residential – Completed and Unoccupied	7	
Model Homes – Completed	4	
Model Homes – Under Construction	2	
Single-Family Residential – Under Construction	<u>65</u>	
Total	265	

Estimated 2025 Population — 655 (h)

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$107,183,337 of certified value and \$9,548,834 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amount reflects an estimate of the taxable appraised value within the District on July 1, 2025. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."
- (d) See "TAX DATA—Tax Rate Distribution."
- (e) See "DEBT SERVICE REQUIREMENTS."
- (f) See "TAX DATA—Tax Adequacy for Debt Service."
- (g) See "THE DISTRICT—Status of Development."
- (h) Estimate based on 3.5 persons per occupied single-family connection.

OFFICIAL STATEMENT

\$7,000,000

LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 5

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

UNLIMITED TAX ROAD BONDS SERIES 2025

This Official Statement provides certain information in connection with the issuance by Lakeside Municipal Utility District No. 5 (the “District”) of its \$7,000,000 Unlimited Tax Road Bonds, Series 2025 (the “Bonds”).

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an election held in the District, and an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, the Developers (defined herein), and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Lloyd Gosselink Rochelle & Townsend, P.C., the District’s General Counsel, located at 816 Congress Avenue, Suite 1900, Austin, Texas 78701, upon payment of the costs of duplication therefor.

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

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the City of Pflugerville, Travis County, Texas, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on all 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 taxable property within the District will 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 and Bankruptcy Limitations” herein.

Undeveloped Acreage and Vacant Lots

There are approximately 149 developable acres of land in the District that have not been fully provided with water, sanitary sewer, drainage, road and other facilities necessary for the construction of taxable improvements and there are 227 vacant developed lots available for home construction in the District (excluding 80 single-family residential lots on approximately 17 acres where utility construction is underway with lots expected to be available for home construction in the fourth quarter of 2025). Failure of the Developers to develop the developable land or of homebuilders to construct taxable improvements on the developed lots could restrict the rate of growth of taxable values in the District. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful. See “THE DISTRICT—Status of Development.”

Increase in Costs of Building Materials

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.

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 and of developed lots which are currently being marketed by the Developers for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Austin area, the State of Texas and the nation 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, energy costs and availability, credit availability (see “Credit Market and Liquidity in the Financial Markets” below), construction costs 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.

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 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 23 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Austin 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 of the District’s property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 23 miles from downtown Austin, could be affected by competition from other residential developments, including other residential developments located in the western portion of the Austin area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the builders in the sale 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 Developers will be implemented or, if implemented, will be successful.

Developers/Landowners Obligation to the District

There are no commitments from or obligations of the Developers or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner’s right to sell its land. Failure to construct taxable improvements on developed lots or developed tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds continued development of taxable property within the District will increase or maintain its taxable value.

Operating Funds

The District’s primary sources of operating revenue are maintenance tax revenue and advances from the Developers. The District levied a 2024 maintenance tax rate of \$0.87 per \$100 of taxable assessed valuation. The District’s General Fund balance as of August 12, 2025 is \$240,706. The revenue produced from a \$0.87 maintenance tax rate in 2024 may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive General Fund balance will depend upon (1) cash subsidies from the Developers, and (2) continued development and increased amounts of maintenance tax revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. See “TAX DATA—Maintenance and Operations Tax” and “GENERAL FUND OPERATIONS—Operating Statement.”

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Taxable Assessed Valuation is \$116,732,171 (\$107,183,337 certified plus \$9,548,834 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be \$1,258,613 (2048) and the average annual debt service requirement will be \$1,144,632 (2026-2049, inclusive). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$1.14 and \$1.04 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of July 1, 2025 is \$134,517,313, subject to change and downward revision prior to certification. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of July 1, 2025, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.99 and \$0.90 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See “DEBT SERVICE REQUIREMENTS.” Although calculations have been made regarding the tax rate necessary to pay the maximum and average annual debt service on the Bonds based upon the 2025 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of July 1, 2025, the District can make no representations regarding the future level of assessed valuation within the District. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

Future Debt

At bond elections held within the District on May 9, 2015, and November 3, 2020, the voters of the District authorized the issuance of \$240,000,000 aggregate principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements. After issuance of the Bonds, the District will have \$225,000,000 authorized but unissued unlimited tax bonds for road improvements. The District reserves in the Bond Order the right to issue the remaining \$225,000,000 authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing road improvements, \$573,690,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, and \$47,375,000 principal amount of unlimited tax bonds for recreational purposes. The District may also issue refunding bonds. See “THE BONDS—Issuance of Additional Debt” and “THE SYSTEM—Future Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities or recreational facilities must be approved by the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”). Any additional bonds issued by the District may dilute the security for the Bonds.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies.”

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, if it fails to make payments into any fund or funds created in the Bond Order, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, 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 Order. Except for mandamus, the Bond Order 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 Order 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.

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

A district may not be forced into bankruptcy involuntarily.

Environmental Regulations

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways 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;
- Requiring remedial action to prevent or mitigate pollution; or
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water 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 as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues: The Federal Clean Air Act (“CAA”) requires the United States Environmental Protection Agency (the “EPA”) to adopt and periodically revise national ambient air quality standards (“NAAQS”) for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and “attain” compliance with the appropriate standard. This so called State Implementation Plan (“SIP”) entails enforceable control measures and time frames.

In 1997, the EPA adopted an ozone standard with a standard for fine particulates, often referred to as the 8-hour standard because it is based on an 8-hour average and is intended to protect public health against longer exposure. In 2008, the EPA tightened the existing eight-hour ozone standard from 0.08 ppm to 0.075 ppm. The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the “Austin Area”), was not designated “nonattainment” for any NAAQS by the EPA in 2012; however, the Austin Area has been just below the 2008 eight-hour ozone standard.

On November 26, 2014, the EPA announced a new proposed ozone NAAQS range of between 65-70 ppb. The Austin Area is vulnerable to being designated nonattainment if the EPA adopts the new proposed ozone NAAQS or otherwise maintains the existing standard applied to more recent air quality monitoring data.

On October 1, 2015, the EPA adopted new NAAQS for ground level ozone of 70 ppb. On November 6, 2017, the EPA issued final designations for the 2015 Ozone NAAQS for most areas of the United States and found that the Austin Area met the standards and thus designated the Austin Area “attainment/unclassified.”

Should the Austin Area fail to achieve attainment under an EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA’s implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

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:

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), 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 nonstormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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.

Continuing Compliance with Certain Covenants

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

Marketability

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

Governmental Approval

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the security of the Bonds as an investment, nor has the foregoing authority passed upon the adequacy or accuracy of the information contained in this Official Statement.

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Texas Legislature meets in regular session in odd numbered years for 140 days. When the Texas Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Texas Legislature may enact laws that materially change current law as it relates to the District. The Governor has called a Second Special Session which began on August 15, 2025. The District can make no representation regarding any actions the Texas Legislature may take or the effect of such actions.

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 has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “MUNICIPAL BOND 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.

THE BONDS

General

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

The Bonds will be dated October 1, 2025, with interest accruing from the Date of Delivery, and are payable on each March 1 and September 1 (each an “Interest Payment Date”) commencing March 1, 2026, until the earlier of stated maturity or prior redemption. The Bonds mature on September 1 in the 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. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof.

Authority for Issuance

At a bond elections held within the District on May 9, 2015, and November 3, 2020, the voters of the District authorized the issuance of a total of \$240,000,000 aggregate principal amount of unlimited tax bonds for the purpose of constructing road facilities. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article III, Section 52 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended.

Before the Bonds can be issued, the Attorney General of Texas must find that the Bonds have been authorized to be issued in conformity with State law and issue its approving opinion. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

The principal and interest of the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied, within legal limit as to rate or amount, against all taxable property within the District. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Order to levy an annual ad valorem tax, within legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

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

Method of Payment of Principal and Interest

In the Bond Order, the Board has appointed BOKF, NA, Dallas, 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 Austin, 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 Order.

Funds

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

Capitalized interest shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to reimburse the Developers for the costs of acquiring or constructing District facilities on behalf of the District, pay interest on such reimbursements and pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 Order 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.

Redemption Provisions

The District reserves the right, at its option, to redeem Bonds maturing on or after September 1, 2032, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on September 1, 2031, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Registration and Transfer

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 Order. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

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 bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Commission, necessary to acquire contract rights and 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 \$225,000,000 authorized but unissued unlimited tax bonds for the purpose of constructing road facilities. The District will also have \$573,690,000 of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and \$47,375,000 of unlimited tax bonds authorized but unissued for recreational facilities. The District may also issue refunding bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Any additional bonds issued by the District may dilute the security for the Bonds. See “RISK FACTORS—Future Debt.”

The District's total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping debt, may not exceed one-fourth of the assessed valuation of the real property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling such an election at this time.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park projects and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District issues park bonds, under existing state law, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

Abolishment by the City of Pflugerville

The District is located entirely within the extraterritorial jurisdiction of the City. The City may annex the District only if (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% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation.

If a municipal utility district is annexed, the municipality must assume the assets, functions, and obligations of the District, including outstanding bonds, and the pledge of taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

Remedies in Event of Default

Other than a writ of mandamus, the Bond Order does not provide a specific remedy for a default. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if a judgment against the District for money damages could be 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 enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion. Certain traditional legal remedies also may not be available. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their funds.

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

General

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges

between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District is a municipal utility district created by order of the TCEQ on August 11, 2008, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District lies totally within the exclusive extraterritorial jurisdiction of the City.

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

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds; limit the net effective interest rate on such bonds and other terms of such bonds; and require public water, sewer, and drainage facilities to be designed in accordance with certain City standards. Construction and operation of the District’s drainage system are subject to the regulatory jurisdiction of additional government agencies. See “THE SYSTEM.”

Location

The District contains approximately 451 acres of land. The District is located in the northeast portion of Travis County approximately seven miles northeast of the central area of the City, which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is located just east of F.M. 685 and is bounded on the north by Rowe Lane, on the east by County Road 198, on the south by Cele Road, and on the west by Hodde Lane. Access to the District is presently provided via Texas Highway 130 (“TX 130”), a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 (“IH 35”), the major freeway through Austin, Texas, and F.M. 685. Access to the District is also provided via Texas Highway 45 (“TX 45”), an east-west toll road from TX 130 approximately three miles to IH 35. The intersection of TX 130 and TX 45 is approximately three miles from the District. See “AERIAL LOCATION MAP.”

Status of Development

The land within the District is being developed primarily for single family residential purposes, and is within the Blackhawk development (“Blackhawk”). Blackhawk has been and is being developed by various land owners, developers and builders, including, among others, Rowe Lane Development, Ltd., the original developer, and is planned to include approximately 2,507 acres of land. Four water control and improvement districts and three municipal utility district have been formed to include the 2,507 acres of land, and active single family residential development is occurring, or has been completed, within all of the districts except for one. To date, approximately 4,408 single family residential lots have been developed within Blackhawk, and approximately 4,175 houses are completed or are in various stages of construction, including approximately 265 houses within the District.

The District presently provides water, sanitary sewer, and drainage facilities to serve the Ridge at Blackhawk, Phase 1, Sections 1 and 2 (approximately 76 acres of land developed into 199 single family residential lots) and the Grove at Blackhawk, Sections 1 through 4 (approximately 133 acres of land developed into 293 single-family residential lots). Construction of underground utilities is complete in these sections, and street paving is also complete in these sections.

Builders in the District include GFO Home, Coventry Homes, Scott Felder Homes, Saratoga Homes, and Chesmar Homes. As of August 1, 2025, the District contained 259 single- family homes completed or under construction as shown below:

Status of Home Construction as of August 1, 2025:

Single-Family Residential – Completed and Occupied.....	187
Single-Family Residential – Completed and Unoccupied.....	7
Model Homes – Completed.....	4
Model Homes – Under Construction.....	2
Single-Family Residential – Under Construction.....	<u>65</u>
Total	265

Construction of water, sanitary sewer, and drainage facilities to serve the Grove at Blackhawk, Section 5, (approximately 17 acres of land being developed into 80 single-family residential lots) is underway and lots are expected to be available for home construction in the fourth quarter of 2025.

In addition to the development described above, the District contains approximately 149 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. None of the Directors listed below reside within the District; however, each of the Directors owns a small parcel of land in the District subject to a Note and Deed of Trust in favor of a third party. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held in November in even numbered years. The Directors and Officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jeff Rinderknecht	President	November 2026
Roderick Wesley	Vice President	November 2028
Thomas Villarreal	Secretary	November 2026
Jason Hansen	Director	November 2028
Adam Dwire	Director	November 2026

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

Tax Assessor/Collector

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

Operations

The District has contracted with the City of Pflugerville to operate the District’s System (as herein after defined) and provide billing services for the District’s customers. See “THE SYSTEM.”

Bookkeeper

The District has engaged Montoya & Monzingo, LLP to serve as the District's bookkeeper.

Engineer

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

General Counsel

The District engages Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas, as general counsel for the District.

Bond Counsel

The District engages McCall, Parkhurst & Horton L.L.P., Austin, Texas as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Financial Advisor

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

Disclosure Counsel

The District engages McCall, Parkhurst & Horton L.L.P., Dallas, Texas, as Disclosure Counsel in connection with the issuance of the Bonds. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Auditor

The District's financial statements for the year ended September 30, 2024, were audited by West, Davis & Company, LLP. See APPENDIX A for a copy of the District's September 30, 2024 audited financial statements.

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal management 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 roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. In some instances, a landowner or developer will be required by the TCEQ to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the TCEQ to pave streets (in areas where District facilities are being financed with bonds), 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 Developers

Major water, sewer and drainage facilities and streets to serve land within the District were developed by Rowe Lane Development, Ltd. ("RLD"), a Texas limited partnership. Water, sewer and drainage facilities to serve specific sections within the District have been constructed by RABH12, LLC and GABH, LLC, which entities are related to RLD.

The general partner of RLD is Tiemann Land and Cattle Development Inc., ("TLCD"), and the sole limited partner is Tiemann Legacy, LP ("Tiemann Legacy"). Robert Tiemann and Carrie Tiemann of Pflugerville, Texas, are the sole shareholders of TLCD. RLD has financed the construction of certain major water, sewer, drainage, roadway, and other development costs to serve land in the District and other land in other districts described above with funds provided pursuant to a combination of construction loans and revolving credit facilities with International Bank of Commerce and Classic Bank. The RLD revolving credit facilities provide for maximum borrowing capacity of \$44,800,000, of which approximately \$22,800,000 was outstanding as of June 30, 2025. The RLD revolving credit facilities are renewed on an annual basis and have upcoming maturity dates of April 30th, 2028 and October 23rd, 2026 for International Bank of Commerce and Classic Bank, respectively. RLD has a longstanding relationship with both banks having been a borrower with each for over 15 years. According to RLD, it is in compliance with all material conditions of the revolving credit facilities.

RABH12, LLC ("RABH12") financed the development of Ridge at Blackhawk, Phase 1, Sections 1 and 2 with financing provided by commercial lending institutions. Of the 199 total lots in these sections, houses have been constructed on approximately 193 of such lots. RABH12 does not own any additional land in the District.

GABH, LLC ("GABH") is financing the development of the Grove at Blackhawk, Sections 1 through 4 with financing provided by commercial lending institutions. Of the 293 total lots in these sections, houses have been constructed on approximately 6 of such lots. Construction of water, sanitary sewer, and drainage facilities to serve the Grove at Blackhawk, Section 5, (approximately 17 acres of land being developed into 80 single-family residential lots) is underway and lots are expected to be available for home construction in the fourth quarter of 2025. GABH does not own any additional land in the District.

RLD, RABH12, and GABH may be collectively referred to herein as the Developers.

None of the Developers are responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developers have no legal commitment to the District or to the owners of the Bonds, or to continue development of land within the District, and may sell or otherwise dispose of their respective property within the District, or any other assets, at any time.

THE ROAD SYSTEM

All roadways are designed and constructed in accordance with Travis County standards, rules, and regulations. Upon acceptance of roadway facilities, Travis County will be responsible for operation and maintenance thereof. The roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by street lights, sidewalks, and franchise utilities (power, gas, telephone, and cable). See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

THE SYSTEM

Regulation

According to the Engineer, the District’s water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the “System”) have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System is conducted by the City. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in the future in connection with any permit held by the City for the wastewater treatment plants from which the District receives service could result in the need to construct additional facilities in the future.

Water, Sanitary Sewer and Drainage Facilities

Construction of the water, sanitary sewer and drainage facilities to serve the District has been financed with funds advanced by the Developers. It is expected that a portion of the proceeds from sale of future issues of bonds will be used to reimburse the Developers for certain of the advances.

Source of Water Supply: The District receives its water supply pursuant to an Agreement for Providing Wholesale Water Service (the “Water Supply Agreement”) between TLCD and Manville Water Supply Corporation (“MWSC”). Pursuant to terms of the Agreement, MWSC is obligated to provide wholesale water to meet the needs of the area encompassing the Blackhawk development, including land within the boundaries of the District. While the District anticipates that such agreement will be extended as necessary, MSWC is not legally obligated to agree to an extension. If the agreement is not extended, then the District would need to secure a new water supply by either contracting with an alternative wholesale water supplier or developing its own water supply. Such alternatives could necessitate the construction of additional improvements to the System. The Developers have advanced funds on behalf of the District to pay MWSC for the connection fees to obtain service capacity rights to serve the District. A portion of the proceeds from the sale of the Outstanding Bonds were used, in part, to reimburse the Developers for such fees. TLCD assigns its rights in the Water Supply Agreement to the District at such time as the connection fees are paid.

Source of Wastewater Treatment: The District is provided wastewater treatment capacity by the City. The District entered into an Agreement Regarding Wholesale Wastewater Service (“Wastewater Agreement”) with the City, dated January 25, 2023. Pursuant to the terms of the contract, the City is obligated to provide wholesale wastewater service to meet the needs of the land within the boundaries of the District. The agreement expires in 2073. While the District anticipates that such agreement will be extended as necessary, the City is not legally obligated to agree to an extension. If the agreement is not extended, then the District would need to secure wastewater treatment services by either contracting with an alternative wholesale wastewater treatment service provider or developing its own wastewater treatment facilities. Additionally, the District could need to construct additional capital improvements to transport the wastewater to that alternative treatment service provider and/or to treat such wastewater at a new District wastewater treatment plant. The Developers have advanced funds on behalf of the District to pay the City, for the connection fees to obtain service capacity rights to serve the District. A portion of the proceeds from the sale of the Outstanding Bonds were used, in part, to reimburse the Developers for such fees.

Developers within Blackhawk and developers of additional land in the vicinity of the District, together with the City, financed the construction of a major sanitary sewer interceptor and conveyance facilities to transport all wastewater flows from the District and neighboring areas to a regional wastewater treatment plant owned by the City several miles south of the District. Wastewater flows are pumped to the City’s plant, which has a current capacity of 4.36 MGD.

100-Year Flood Plain: “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 rain storm 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.

According to the Engineer, no land within the District is located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map. All of the land in the District which has been developed is outside the 100-year flood plain.

In 2018, the National Weather Service completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Travis County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could result in higher insurance rates and stricter building codes for any property located within the expanded boundaries of the floodplain.

Future Debt

The Developers have financed or are financing the engineering and construction costs of underground utilities to serve the District, as well as certain other District improvements. After reimbursement from sale of the Bonds, the Developers will have expended approximately \$21,441,365 (as of August 1, 2025) for design, construction and acquisition of District utilities and other improvements not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developers for these costs to the extent allowed by the Commission. Additionally, the District contains approximately 149 acres of developable land (excluding 80 single-family residential lots on approximately 17 acres of land where utility construction is underway with lots expected to be available for home construction in the fourth quarter of 2025) not presently served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements. See "RISK FACTORS—Future Debt."

USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$5,554,739 is estimated for construction costs and \$1,445,261 is estimated for non-construction costs.

CONSTRUCTION COSTS

The Grove at Blackhawk Phases 1 and 2 Paving.....	\$ 408,403
The Grove at Blackhawk Phases 3 and 4 Paving.....	2,086,344
Engineering and Testing.....	1,085,659
Additional Engineering for Ridge Phases 1 and 2.....	524,246
ROW Land Costs.....	1,443,000
Miscellaneous Road Expenses.....	<u>7,088</u>

Total Construction Costs	\$ 5,554,739
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NON-CONSTRUCTION COSTS

Legal Fees.....	\$ 105,000
Fiscal Agent Fees.....	120,000
Capitalized Interest (18 Months)(a).....	500,175
Developer Interest (Estimated).....	384,688
Bond Discount	210,000
Engineering Report.....	22,000
Bond Issuance Expenses.....	45,323
Attorney General Fee (0.1%).....	7,000
Contingency (a).....	<u>51,075</u>

Total Non-Construction Costs	\$ 1,445,261
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TOTAL BOND ISSUE	\$ 7,000,000
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(a) Contingency represents the difference between the estimated and actual amounts of capitalized interest.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
05/09/2009, 05/09/2015, and 11/03/2020	Water, Sanitary Sewer and Drainage	\$575,590,000	\$1,900,000	\$573,690,000
05/09/2015, and 11/03/2020	Road Facilities	\$240,000,000	\$15,000,000 *	\$225,000,000
11/04/2014, 05/09/2015, and 11/03/2020	Recreational Facilities	\$47,375,000	\$0	\$47,375,000
11/04/2014, 05/09/2015, and 11/03/2020	Refunding	\$1,210,350,000	\$0	\$1,210,350,000

* Includes the Bonds.

FINANCIAL STATEMENT

2025 Taxable Assessed Valuation	\$116,732,171 (a)
Estimated Taxable Assessed Valuation as of July 1, 2025	\$134,517,313 (b)

Direct Debt:

Outstanding Bonds (as of September 1, 2025).....	\$9,900,000
The Bonds	<u>7,000,000</u>
Gross Direct Debt (after issuance of the Bonds).....	\$16,900,000

Ratios of Gross Direct Debt to:

2025 Taxable Assessed Valuation	14.48%
Estimated Taxable Assessed Valuation as of July 1, 2025	12.56%

Area of District — 451 acres
Estimated 2025 Population — 655 (c)

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$107,183,337 of certified value and \$9,548,834 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on July 1, 2025. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
- (c) Based on 3.5 persons per single family connections.

Cash and Investment Balances (unaudited as of August 12, 2025)

General Operating Fund	Cash and Temporary Investments	\$240,706 (a)
Debt Service Fund	Cash and Temporary Investments	\$339,197 (b)(c)
Capital Projects Fund	Cash and Temporary Investments	\$319,914

- (a) See "RISK FACTORS—Operating Funds."
- (b) Eighteen (18) months of capitalized interest was deposited into such fund from the Series 2024 Bonds (\$163,875) in September of 2024 and eighteen (18) months of capitalize interest from the Series 2024A Road Bonds (\$505,725) in October of 2024.
- (c) Does not include eighteen (18) months of capitalized interest which will be deposited into such fund from Bond proceeds. Neither the Bond Order nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

Outstanding Bonds (as of September 1, 2025)

Series	Original Principal Amount	Outstanding Bonds (as of September 1, 2025)
2024	\$ 1,900,000	\$ 1,900,000
2024A (a)	8,000,000	<u>8,000,000</u>
Total		\$ 9,900,000

- (a) Unlimited tax road bonds.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. 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 portfolio.

ESTIMATED OVERLAPPING DEBT STATEMENT

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

Taxing Jurisdiction	Outstanding Bonds (a)	As of	Overlapping	
			Percent	Amount
Travis County.....	\$ 1,169,850,000	7/31/2025	0.030%	\$ 350,955
Pflugerville Independent School District.....	678,855,000	7/31/2025	0.060%	407,313
Travis County Healthcare District.....	157,670,000	7/31/2025	0.030%	47,301
Total Estimated Overlapping Debt.....				\$ 805,569
The District.....	16,900,000 (b)	Current	100.00%	16,900,000
Total Direct and Estimated Overlapping Debt.....				\$ 17,705,569

Ratios of Gross Debt and Estimated Overlapping Debt to:

2025 Taxable Assessed Valuation.....	15.17%
Estimated Taxable Assessed Valuation as of July 1, 2025.....	13.16%

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

Overlapping Tax Rates for 2024

	2024 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Travis County.....	\$ 0.344445
Pflugerville Independent School District.....	1.106900
Travis County Emergency Services District No. 2.....	0.093900
Travis County Healthcare District.....	0.107969
Total Overlapping Tax Rate.....	\$ 1.653214
The District (a).....	0.970000
Total Tax Rate.....	\$ 2.623214

(a) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Tax Collections

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

Tax Year	Certified Taxable Assessed	Tax Rate	Total Tax Levy	Total Collections as of June 30, 2025 (a)	
	Valuation			Amount	Percent
2021	\$ 155,703	\$ 0.97	\$ 1,510	\$ 1,510	100.00%
2022	1,726,050	0.97	16,743	16,743	100.00%
2023	15,339,566	0.97	148,794	148,794	100.00%
2024	80,838,440	0.97	784,133	782,442	99.78%
2025	116,732,171	0.97	1,132,302	(b)	(b)

(a) Unaudited.

(b) In process of collections. Taxes for 2025 are due on January 31, 2026.

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. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	\$ 0.53	\$ 0.10	\$ -	\$ -	\$ -
Maintenance and Operations	0.44	0.87	0.97	0.97	0.97
Total	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97	\$ 0.97

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: Unlimited (no legal limit as to rate or amount).

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2025 tax year, the Board levied a debt service tax in the amount of \$0.53 per \$100 assessed valuation.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. Pursuant to elections held on May 9, 2009, May 9, 2015, and November 3, 2020, the Board was authorized to levy such a maintenance tax without legal limitation as to rate or amount. For the 2025 tax year, the Board levied a maintenance tax in the amount of \$0.44 per \$100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2025, the District has not granted any residential homestead exemptions.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect delinquent taxes. The contract establishes an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code. See “TAX PROCEDURES—Levy and Collection of Taxes.”

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the 2025 Certified Taxable Assessed Valuation of \$107,183,337. This represents ownership as of January 1, 2025. Accurate principal taxpayer lists related to the uncertified portion (\$9,548,834) of the 2025 Taxable Assessed Valuation of \$116,732,171 or the Estimated Taxable Assessed Valuation as of July 1, 2025, are not available as of the date hereof.

Taxpayer	Type of Property	2025 Certified	% of
		Taxable Assessed Valuation	2025 Certified Taxable Assessed Valuation
GABH LLC (a)	Land	\$ 8,045,412	7.51%
GFO Home LLC	Land & Improvements	1,977,068	1.84%
Homeowner	Land & Improvements	872,352	0.81%
Homeowner	Land & Improvements	853,048	0.80%
Homeowner	Land & Improvements	825,684	0.77%
Homeowner	Land & Improvements	812,628	0.76%
Homeowner	Land & Improvements	797,259	0.74%
Homeowner	Land & Improvements	792,263	0.74%
Homeowner	Land & Improvements	756,417	0.71%
Homeowner	Land & Improvements	732,434	0.68%
Total		\$ 16,464,565	15.36%

(a) Developer or related entity. See “THE DEVELOPERS.”

Summary of Assessed Valuation

The following summary of the 2025, 2024 and 2023 Certified Taxable Assessed Valuations is provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2025, 2024 and 2023 certified tax rolls of the District. Accurate breakdowns related to the uncertified portion (\$9,548,834) of the 2025 Taxable Assessed Valuation of \$116,732,171 or the Estimated Taxable Assessed Valuation as of July 1, 2025 are not available from the Appraisal District as of the date hereof.

	2025	2024	2023
	Taxable	Taxable	Taxable
	Assessed Value	Assessed Value	Assessed Value
Land	\$ 33,683,195	\$ 35,161,673	\$ 17,395,177
Improvements	92,163,626	71,428,887	7,742,542
Personal Property	467,630	5,403	-
Exemptions	(19,131,114)	(25,757,523)	(9,798,153)
Total Certified	\$ 107,183,337	\$ 80,838,440	\$ 15,339,566
Uncertified Value	9,548,834	-	-
Total	\$ 116,732,171	\$ 80,838,440	\$ 15,339,566

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2025 Taxable Assessed Valuation of \$116,732,171 (\$107,183,337 of certified value plus \$9,548,834 of uncertified value) and the Estimated Taxable Assessed Valuation as of July 1, 2025 of \$134,517,313, no use of available funds, and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Outstanding Bonds and the Bonds.

Maximum annual debt service requirement (2048)	\$1,258,613
\$1.14 tax rate on the 2025 Taxable Assessed Valuation	
of \$116,732,171 at a 95% collection rate produces	\$1,264,209
\$0.99 tax rate on the Estimated Taxable Assessed Valuation as of July 1, 2025	
of \$134,517,313 at a 95% collection rate produces	\$1,265,135
 Average annual debt service requirement (2026-2049)	 \$1,144,632
\$1.04 tax rate on the 2025 Taxable Assessed Valuation	
of \$116,732,171 at a 95% collection rate produces	\$1,153,314
\$0.90 tax rate on the Estimated Taxable Assessed Valuation as of July 1, 2025	
of \$134,517,313 at a 95% collection rate produces	\$1,150,123

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation will not be adjusted downward prior to certification by the Appraisal District or the estimates of values of land and improvements provided by the Appraisal District as of July 1, 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 "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Outstanding Bonds, the 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 Order 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 Harris Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Travis County, Texas, including the District. Such appraisal values are subject to review and change by the Harris Central 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; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous 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 of taxable valuation depending upon the disability rating of the veteran

claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. 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%) 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. For tax year 2025, the District has not adopted a general homestead exemption.

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.

Temporary Exemption for Qualified Property Damaged by a Disaster

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 under 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.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, 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. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

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 herein.

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 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 was 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 "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2024." 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 two (2) years for residential and agricultural property and six (6) months for commercial property 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 Collection Limitations."

GENERAL FUND OPERATIONS

General

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

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statement for fiscal years ended September 30, 2023 through 2024, and an unaudited summary for the ten-month period ended July 31, 2025 as provided by the District's bookkeeper. Reference is made to such statements and records for further and more complete information.

	10/1/2024 to 7/31/2025 (a) (Unaudited)	Fiscal Year Ended September 30 2024	2023
Revenues			
Water Service	\$ 158,204	\$ 187,322	\$ 63,662
Wastewater Service	83,764	101,748	27,878
Tap Connection Fees	-	-	-
Property Taxes	700,702	157,145	17,115
Interest and Other	2,704	-	-
Total Revenues	\$ 945,374	\$ 446,215	\$ 108,655
Expenditures			
Water Purchased	\$ 65,152	\$ 74,214	\$ 23,162
City Water Fees	84,003	99,195	25,196
Wastewater Service Purchased	62,463	77,477	27,878
Repairs and Maintenance	117,935	103,662	45,095
Accounting Fees	22,855	21,075	10,475
Audit Fees	10,000	6,500	-
Engineering Fees	30,685	21,912	19,223
Legal Fees	85,106	46,046	27,547
Tax Assessor/Collector	547	766	74
Director Salaries and Tax	8,456	7,851	4,251
Insurance	1,236	175	175
Licenses and Fees	10,187	3,000	-
Miscellaneous	5,843	3,035	3,537
Legal Notices	-	700	-
Capacity Buy In Fees	70,400	-	-
Fiscal Agent Fees	-		
Capital Expenditures	196,555	870,420	912,084
Total Expenditures	\$ 771,423	\$ 1,336,028	\$ 1,098,697
Other Sources (Developer Advances)	\$ 70,389	\$ 1,101,114	\$ 807,181
Revenues Over (Under) Expenditures	\$ 244,340	\$ 211,301	\$ (182,861)
Fund Balance (Beginning of Year)	\$ 54,377	\$ (156,924)	\$ 25,937
Fund Balance (End of Year)	\$ 298,717	\$ 54,377	\$ (156,924)

(a) Unaudited. Provided by the District's bookkeeper.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements (a)	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 660,438		\$ 292,695	\$ 292,695	\$ 953,133
2027	659,838		333,450	333,450	993,288
2028	653,263	\$ 175,000	333,450	508,450	1,161,713
2029	654,338	185,000	322,075	507,075	1,161,413
2030	649,588	195,000	310,050	505,050	1,154,638
2031	649,338	205,000	297,375	502,375	1,151,713
2032	657,138	215,000	284,050	499,050	1,156,188
2033	654,138	230,000	270,075	500,075	1,154,213
2034	660,738	240,000	255,125	495,125	1,155,863
2035	661,538	255,000	241,925	496,925	1,158,463
2036	666,738	265,000	231,725	496,725	1,163,463
2037	671,138	280,000	221,125	501,125	1,172,263
2038	669,738	295,000	209,925	504,925	1,174,663
2039	677,738	310,000	197,756	507,756	1,185,494
2040	679,738	325,000	184,581	509,581	1,189,319
2041	685,938	345,000	170,769	515,769	1,201,706
2042	691,019	360,000	155,675	515,675	1,206,694
2043	700,094	380,000	139,925	519,925	1,220,019
2044	702,956	400,000	123,300	523,300	1,226,256
2045	704,813	420,000	105,300	525,300	1,230,113
2046	715,663	445,000	86,400	531,400	1,247,063
2047	720,100	465,000	66,375	531,375	1,251,475
2048	723,163	490,000	45,450	535,450	1,258,613
2049	-	520,000	23,400	543,400	543,400
Total	\$ 15,569,181	\$ 7,000,000	\$ 4,901,976	\$ 11,901,976	\$ 27,471,158

(a) Outstanding as of September 1, 2025.

Average Annual Debt Service Requirements (2026-2049).....	\$1,144,632
Maximum Annual Debt Service Requirements (2048).....	\$1,258,613

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. (“Bond Counsel”), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel’s legal opinion will also address the matters described below under “TAX MATTERS.” Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

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.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT—General,” “MANAGEMENT—Bond Counsel,” “TAX PROCEDURES,” “LEGAL MATTERS—Legal Proceedings” (insofar as such section relates to the legal opinion of Bond Counsel), and “TAX MATTERS” (insofar as such section relates to the legal opinion of Bond Counsel) and “CONTINUING DISCLOSURE OF INFORMATION” (except under the subheading “Compliance with Prior Undertakings”) solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) for Federal income tax purposes interest on the Bonds (1) will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference under Section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) the District’s federal tax certificate, and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance.

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bonds, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments and payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

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

Future and Proposed Legislation

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 55(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

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 interest cost, which bid was tendered by Robert W. Baird & Co., Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.00% of the principal amount thereof which resulted in a net effective interest rate of 4.742117% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

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.

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 B."

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 B 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: <https://bambonds.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 June 30, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$503.3 million, \$258.1 million and \$245.2 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 <https://bambonds.com/insights/#video>. (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 <https://bambonds.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 Developers, the Engineer, the Tax Assessor/Collector, the Appraisal Districts and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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, including 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.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that of engineering related information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM" and "THE SYSTEM" has been provided by Jones- Heroy & Associates, Inc., LLC, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering. Information related to the status of development within these sections was prepared with assistance from the Developers.

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

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the Appraisal District and the Travis County Tax Assessor/Collector, and is included herein in reliance upon their authority as experts in assessing and collecting taxes.

Auditor: The financial statements of the District as of September 30, 2024, and for the year then ended, have been audited by West, Davis and Company, as stated in their report appearing herein. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended September 30, 2024.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "GENERAL FUND OPERATIONS—Operating Statement" has been provided by Montoya & Monzingo, LLP and is herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of 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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolutions, 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 certain 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 annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "THE SYSTEM," "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). 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 financial statements provided by 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 year to the MSRB within such six-month period and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the District, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. 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 Order makes any provision for debt service reserves, credit enhancement, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

For these purposes, (a) any event described in clause (12) in the preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, the term “financial obligation” shall mean, for the purposes of the events of clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing, or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that financial obligation shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

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 the EMMA 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 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Order 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 2024, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with the Rule.

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 Lakeside Municipal Utility District No. 5, as of the date shown on the cover page.

/s/ Roderick Wesley
Vice President, Board of Directors
Lakeside Municipal Utility District No. 5

ATTEST:

/s/ Thomas Villarreal
Secretary, Board of Directors
Lakeside Municipal Utility District No. 5

AERIAL LOCATION MAP
(Taken August 2025)



LAKE SIDE MUNICIPAL
UTILITY DISTRICT NO. 5

PHOTOGRAPHS OF THE DISTRICT
(Taken August 2025)













APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended September 30, 2024

LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 5

FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2024**

WEST, DAVIS & COMPANY, LLP
Certified Public Accountants
Austin, Texas

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
Annual Financial Report
For the Year Ended September 30, 2024

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF TRAVIS }

I, Jeff Rinderknecht, President of the Lakeside Municipal Utility District No. 5 hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 11th day of February 2025, its annual audit report for the fiscal year ended September 30, 2024, and that copies of the annual report have been filed in the district office, located at 102 N. Railroad Avenue, Pflugerville, Texas.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code.

Date: February 11, 2025

By: Jeff Rinderknecht

Sworn to and subscribed to before me this 11th day of February 2025.

Notary: Fred L. Castro



My Commission expires on: _____, _____, Notary Public in and for the State of Texas.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Annual Financial Report
For the Year Ended September 30, 2024

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FINANCIAL SECTION

WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

Board of Directors
Lakeside Municipal Utility District No. 5
Travis County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Lakeside Municipal Utility District No. 5 (the District) as of and for the year ended September 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.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2024, and the 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 these 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 budgetary comparison information 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.

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 Texas Commission on Environmental Quality required supplementary schedules are presented for purposes of additional analysis and are 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 information 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 Texas Commission on Environmental Quality required supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the property tax assessed value information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Austin, Texas
December 31, 2024

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

In accordance with Governmental Accounting Standards Board Statement 34 (“GASB 34”), the management of Lakeside Municipal Utility District No. 5 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended September 30, 2024. Since this information is designed to focus on current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance at the end of the year was approximately \$55 thousand which was an increase of \$212 thousand from the end of the previous year end. Revenue, including developer advances, increased from \$916 thousand to \$1.5 million.
- **Debt Service Fund:** The debt service fund had a balance of 125 thousand. Revenue amounted to \$125 thousand in bond proceeds.
- **Capital Projects Fund:** This fund balance increased from \$-0- to \$61 thousand. Revenue consisted of \$1.55 million of net bond proceeds of which \$1.49 million was used to acquire utility facilities.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had income, including developer advances and bond proceeds, in excess of expenses of approximately \$907 thousand. This excess of revenue over expenses is primarily the result of the developer advances to the District.

OVERVIEW OF THE DISTRICT

Lakeside Municipal Utility District No. 5 (the District), a political subdivision of the State of Texas, was created by an Order of the Texas Commission on Environmental Quality on August 11, 2008. The District was created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Texas Water Code Chapter 54. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and to develop and maintain recreational facilities, and to acquire and construct roads. The District’s first Board of Directors meeting was held on February 29, 2009.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
 - Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet
 - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the newly required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Statement of Net Position and Governmental Funds Balance Sheet includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

The Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

The Required Supplementary Information presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2024	September 2023	
Current and Other Assets	\$ 276	\$ 36	\$ 240
Capital and Non-Current Assets	3,420	1,060	2,360
Total Assets	3,696	1,096	2,600
Current Liabilities	42	193	(151)
Long-Term Liabilities	1,845	-	1,845
Total Liabilities	1,887	193	1,694
Net Investment in Capital Assets	1,630	1,060	570
Restricted for Debt Service	125	-	125
Unrestricted	54	(157)	211
Total Net Position	\$ 1,809	\$ 903	\$ 906

The District's total assets were approximately \$3.7 million at the end of the current fiscal year. Of this amount, approximately \$233 thousand is accounted for by cash and short-term investments. The District had outstanding liabilities of approximately \$1.9 million. The District's unrestricted net assets, which can be used to finance day to day operations was approximately \$54 thousand and dependent on developer contributions.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

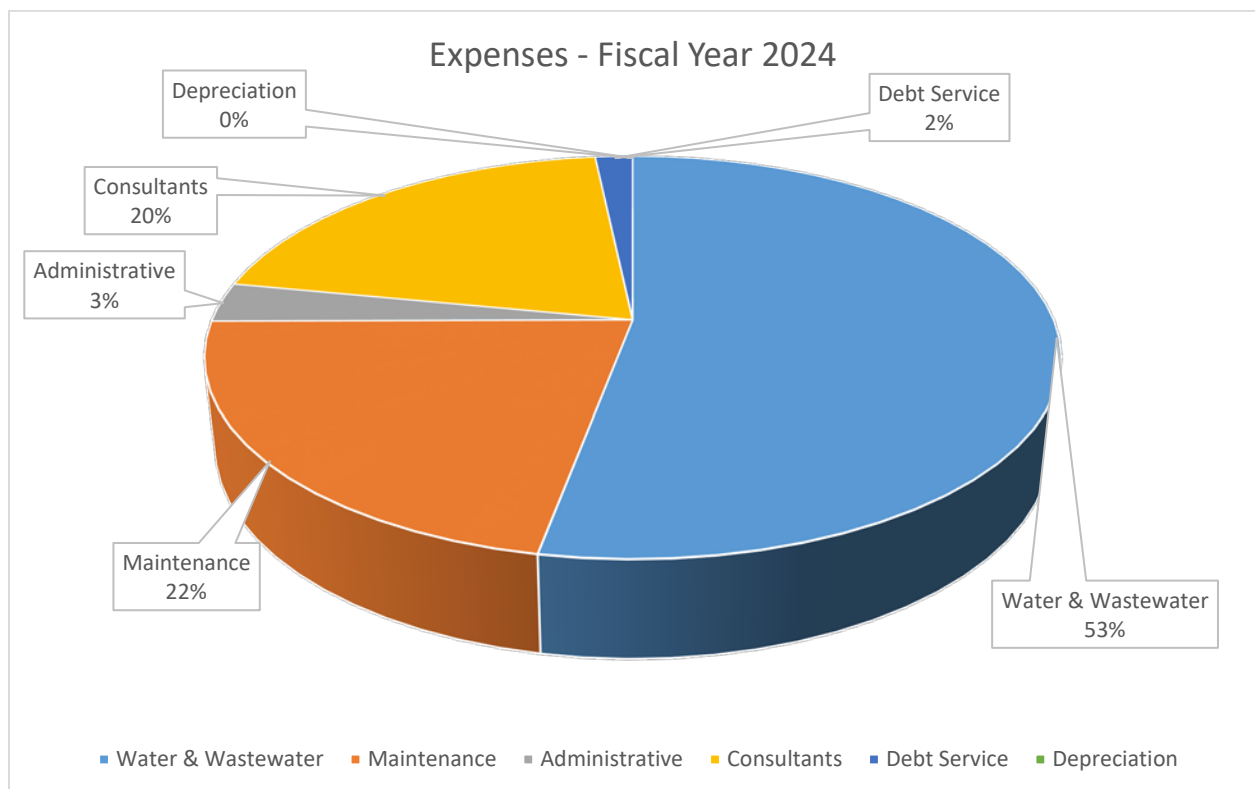
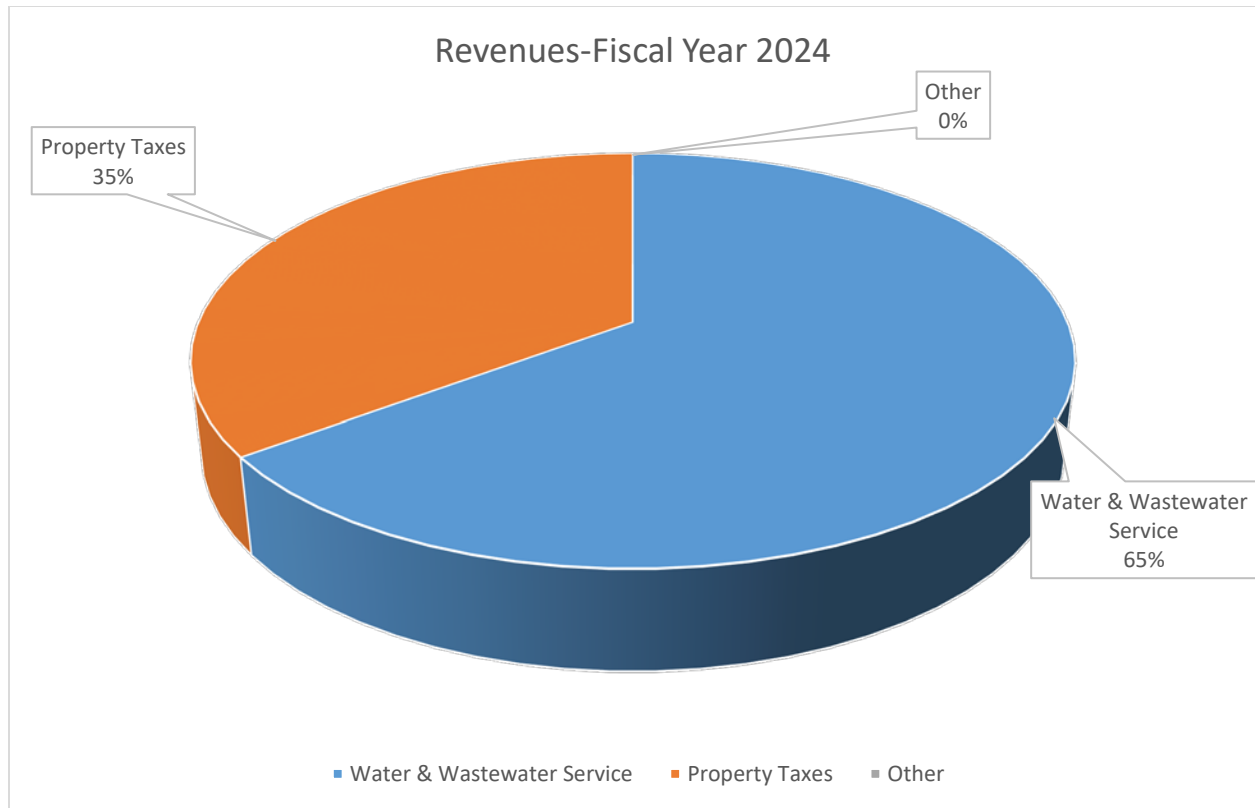
Summary Statement of Activities

	Governmental Activities (in thousands)		Increase (Decrease)
	2024	2023	
Water & Wastewater Service	\$ 289	\$ 92	\$ 197
Property Taxes	157	17	140
Other	-	-	-
Total Revenues	446	109	337
Water & Wastewater	251	76	175
Maintenance	104	45	59
Administrative	15	8	7
Consultants	96	57	39
Debt Service	8	-	8
Depreciation	-	-	-
Total Expenses	474	186	288
Other Sources/Uses	934	807	(7)
Change in Net Position	906	730	176
Beginning Net Position	903	173	730
Ending Net Position	\$ 1,809	\$ 903	\$ 906

Revenues, including developer advances and bond proceeds, were approximately \$916 thousand for the year. Expenses were approximately \$1.4 million. Net position increased \$176 thousand from current year activities due to developer advances to the District. The following charts summarize the sources of revenue and areas of expenses, excluding the developer's advances.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024



LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

Summary Balance Sheet

	Governmental Funds (in thousands)		Increase (Decrease)
	September 2024	September 2023	
Cash and Investments	\$ 233	\$ 10	\$ 223
Accounts Receivable	43	26	17
Prepaid Costs	31	16	15
Total Assets	307	52	255
Accounts Payable	66	209	(143)
Unrealized Revenue	-	-	-
Total Liabilities	66	209	(143)
Nonspendable	31	-	31
Restricted for Debt Service	125	-	125
Restricted for Capital Projects	30	-	30
Unassigned	55	(157)	212
Total Fund Balances	241	(157)	398
Total Liabilities and Fund Balances	\$ 307	\$ 52	\$ 255

The General Operating Fund, which pays for daily operating expenses, has an unassigned balance of \$55 thousand at the end of the current fiscal year. This is an increase of \$212 thousand over the prior fiscal year.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

The Debt Service Fund increased from \$-0- to \$125 thousand due to the receipt of a portion of the district's bond proceeds.

The Capital Projects Fund increased from \$-0- to 30 thousand due to the receipt of \$1.55 million of net bond proceeds and spending \$1.5 million to acquire utility facilities.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2024 annual budget for the General Fund on September 20, 2023. The budget included revenues of \$478 thousand and expenditures of \$1.4 million. Actual revenue amounted to \$1.5 million including \$1.1 million of developer advances, and expenditures of \$1.3 million. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District has invested \$1.4 million in utility facilities and \$1.9 million toward its share of a new Amenity Center. A summary of these assets is listed below:

Summary of Capital Assets

	Governmental Activities (in thousands)		Increase (Decrease)
	September 2024	September 2023	
Water, Wastewater and Drainage	\$ 1,490	\$ -	\$ 1,490
Amenity Center-In Progress	1,922	1,060	862
Recreational Facilities	8	-	8
Accumulated Depreciation	-	-	-
Total Capital Assets (Net)	\$ 3,420	\$ 1,060	\$ 2,360

LONG TERM DEBT

The District issued \$1.9 million of unlimited tax bonds during the year. Bonded indebtedness of the District at year end was \$1.9 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

Management Discussion and Analysis For the Year Ended September 30, 2024

ECONOMIC FACTORS

The taxable assessed value of property within the District as of January 1, 2024, has been fixed by the Travis and Williamson Central Appraisal Districts at \$81 million. The tax rates adopted by the District on September 10, 2024, for the coming fiscal year are \$0.97 for maintenance and operations and \$0.00 for debt service. The District expects this to produce \$580 thousand in total property tax revenue for next year. The adopted budget for fiscal year 2025 projects a decrease in the operating fund balance without developer advances, due to planned expenditures toward the construction of a new amenity center.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Lloyd Gosselink Rochelle & Townsend, PC, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

BASIC FINANCIAL STATEMENTS

LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 5

**STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2024**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>	<u>ADJUST- MENTS</u>	<u>STATEMENT OF NET POSITION</u>
<u>ASSETS</u>						
Cash	\$ 47,073	\$ 125,094	\$ 61,115	\$ 233,282	\$ -	\$ 233,282
Temporary Investments	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-
Water Revenue Receivable	11,635	-	-	11,635	-	11,635
Other Receivables	-	-	-	-	-	-
Prepaid Insurance	-	-	-	-	-	-
Prepaid Bond Costs	-	-	31,000	31,000	-	31,000
Due From Other Funds	31,000	-	-	31,000	(31,000)	-
Capital Assets (Net)	-	-	-	-	3,420,354	3,420,354
Total Assets	\$ 89,708	\$ 125,094	\$ 92,115	\$ 306,917	\$ 3,389,354	\$ 3,696,271
<u>LIABILITIES</u>						
Accounts Payable	\$ 35,331	\$ -	\$ 32	\$ 35,363	\$ 6,940	\$ 42,303
Due To Other Funds	-	-	31,000	31,000	(31,000)	-
Bonds Payable in less than one year	-	-	-	-	-	-
Bonds Payable in more than one year	-	-	-	-	1,844,434	1,844,434
Total Liabilities	35,331	-	31,032	66,363	1,820,374	1,886,737
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Property Taxes	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
<u>FUND EQUITY</u>						
Nonspendable	-	-	31,000	31,000	(31,000)	-
Restricted for Debt Service	-	125,094	-	125,094	(125,094)	-
Investment in Capital Assets	-	-	30,083	30,083	(30,083)	-
Unassigned	54,377	-	-	54,377	(54,377)	-
Total Fund Equity	54,377	125,094	61,083	240,554	(240,554)	-
Total Liabilities, Fund Equity & Deferred Inflows of Resources	\$ 89,708	\$ 125,094	\$ 92,115	\$ 306,917		
<u>NET POSITION</u>						
Net Investment in Capital Assets					1,630,063	1,630,063
Restricted for Debt Service					125,094	125,094
Unrestricted					54,377	54,377
Total Net Position					\$ 1,809,534	\$ 1,809,534

The notes to financial statements are an integral part of this statement.

LAKESIDE MUNICIPAL UTILITY DISTRICT NO. 5

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

		STATEMENT OF				
<u>REVENUES</u>	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>	<u>ADJUST- MENTS</u>	<u>ACTIVITIES</u>
Water Service	\$ 187,322	\$ -	\$ -	\$ 187,322	\$ -	\$ 187,322
Wastewater Service	101,748	-	-	101,748	-	101,748
Tap Fees	-	-	-	-	-	-
Property Taxes	157,145	-	-	157,145	-	157,145
Interest & Other	-	168	-	168	-	168
TOTAL REVENUES	446,215	168	-	446,383	-	446,383
 <u>EXPENDITURES</u>						
Current:						
Water Purchased	74,214	-	-	74,214	-	74,214
City Water Fees	99,195	-	-	99,195	-	99,195
Wastewater Service Purchased	77,477	-	-	77,477	-	77,477
Maintenance	103,662	-	-	103,662	-	103,662
Accounting Fees	21,075	-	-	21,075	-	21,075
Audit Fees	6,500	-	-	6,500	-	6,500
Engineering Fees	21,912	-	-	21,912	-	21,912
Legal Fees	46,046	-	-	46,046	-	46,046
Tax Assessor/Collector	766	-	-	766	-	766
Director Salaries and Payroll Taxes	7,851	-	-	7,851	-	7,851
Insurance	175	-	-	175	-	175
License and Fees	3,000	-	-	3,000	-	3,000
Printing and Office Supplies	3,035	5	-	3,040	-	3,040
Legal Notices	700	-	-	700	-	700
Depreciation	-	-	-	-	-	-
Debt Service:						
Fiscal Agent's Fees	-	-	-	-	-	-
Interest	-	-	-	-	8,075	8,075
Principal	-	-	-	-	-	-
Capital Expenditures	870,420	-	1,490,187	2,360,607	(2,360,607)	-
TOTAL EXPENDITURES	1,336,028	5	1,490,187	2,826,220	(2,352,532)	473,688
 <u>OTHER FINANCING SOURCES (USES)</u>						
Bond Proceeds	-	124,931	1,775,069	1,900,000	(1,900,000)	-
Bond Discount	-	-	(56,700)	(56,700)	56,700	-
Bond Issuance Costs	-	-	(167,099)	(167,099)	-	(167,099)
Developer Advances	1,101,114	-	-	1,101,114	-	1,101,114
Transfers between Funds	-	-	-	-	-	-
	1,101,114	124,931	1,551,270	2,777,315	(1,843,300)	934,015
Excess (Deficit) of Revenues						
Over Expenditures	211,301	125,094	61,083	397,478	(397,478)	
Change in Net Position						
	-	-	-	-	906,710	906,710
Fund Balance/Net Position-Beginning	(156,924)	-	-	(156,924)	1,059,748	902,824
Fund Balance/Net Position-Ending	\$ 54,377	\$ 125,094	\$ 61,083	\$ 240,554	\$ 1,568,980	\$ 1,809,534

The notes to financial statements are an integral part of this statement.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies

The combined financial statements of Lakeside Municipal Utility District No. 5 (the District) have been prepared in conformity with accounting principles applicable to governmental units that are generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Lakeside Municipal Utility District No. 5 (the District), a political subdivision of the State of Texas, was created by an Order of the Texas Commission on Environmental Quality on August 11, 2008. The District was created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Texas Water Code Chapter 54. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and to develop and maintain recreational facilities, and to acquire and construct roads. The District’s first Board of Directors meeting was held on February 29, 2009.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors (the Board) that has been elected by District residents. The funds presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

A. Basis of Presentation, Basis of Accounting

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

Government-wide Financial Statements:

The **Statement of Net Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes.

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Government Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long term debt principal and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

B. Measurement Focus, Basis of Accounting

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt, which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long-term debt are reported as other financing sources.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

C. Fund Balances

The District has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District does not prepare budgets for other funds. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

E. Pensions

The District has not established a pension plan.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

These include cash on deposit as well as investments with maturities of three months or less at the time of purchase.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

H. Capital Assets

Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production and Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the Government-wide column in the Statement of Net Position. Public domain (“infrastructure”) capital assets including water, wastewater and drainage systems, are capitalized as acquired. Items purchased or acquired are reported at historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Water/Wastewater/Drainage System	50 years
Recreational Facilities	20 years

I. Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivable and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

J. Long-Term Debt

Unlimited tax bonds, which have been issued to acquire capital assets, are to be repaid from tax revenues of the District. In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. Summary of Significant Accounting Policies (continued)

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

K. Deferred Outflows and Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011, and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012, and has been implemented in these financial statements.

L. Recently Issued Accounting Pronouncements

In March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of GASB Statement No. 88 is to improve the consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for reporting periods beginning after June 15, 2018. GASB Statement No. 88 has been implemented in these financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2020. The objective of GASB Statement No. 89 is to enhance the relevance and comparability of information about capital assets and to simplify accounting for interest costs incurred before the end of a construction period. Under GASB Statement 89, interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. GASB Statement No. 89 has been implemented in these financial statements.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Cash and Investments

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Not all assets meeting the definition of an investment are required to be reported at fair value. Including among excepted investments are certain investments held by 2a7-like external investments pools. As detailed below the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Cash and Investments (continued)

The District's investments at year end are shown below.

	Fair Value			
<u>Investment</u>	<u>Level</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool	N/A	AAAm	1 day average	\$ -0-

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District's investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as detailed above.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterpart's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

2. Cash and Investments (continued)

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

The District’s investments in Pools are reported at an amount determined by the fair value per share of the Pool’s underling portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

TexPool – The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor’s and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

3. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll on January 1, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$1,767,260. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2024, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.97 and \$0.00 per \$100 valuation, respectively, for a total of \$0.97 per \$100 valuation.

Current tax collections for the year ended September 30, 2024, were 100.0% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2024, property taxes receivable, totaled \$-0- and \$-0- for the General and Debt Service Funds, respectively.

4. Capital Assets

The District acquired \$1,490,187 of utility facilities serving the District's residents as of the end of the year. The District spent 862,659 on its share of the construction of a future amenity center. All of the District's utility facilities will be depreciated over their estimated useful life of 50 years while the recreational facilities are being depreciated over 20 years. Depreciation in the amount of \$-0- has been charged to system operations for the year and accumulated depreciation amounted to \$-0- leaving a net book value of \$3,420,354. A summary of changes in capital assets follows:

	Balance			Balance
<u>Capital Assets:</u>	9/30/2023	Additions	Deletions	9/30/2024
Water WW & Drainage	\$ -	1,490,187	-	\$ 1,490,187
Amenity Center-In Progress	1,059,748	862,659	-	1,922,407
Recreational Facilities	-	7,760	-	7,760
Total	1,059,748	2,360,606	-	3,420,354
<u>Accumulated Depreciation:</u>				
Water WW & Drainage	-	-	-	-
Amenity Center-In Progress	-	-	-	-
Recreational Facilities	-	-	-	-
Total	-	-	-	-
Total Capital Assets (Net)	\$ 1,059,748	2,360,606	-	\$ 3,420,354

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

5. Bonds

At elections held within the District on May 9, 2009, May 9, 2015, and November 3, 2020, voters authorized a total of \$420,000,000 combination unlimited tax and revenue bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, a drainage and storm water system. At these elections voters also authorized \$222,000,000 in bonds for roads, \$42,500,000 in bonds for recreational facilities, \$693,750,000 in utility and recreation facility refunding bonds, and \$333,000,000 in road refunding bonds. The District's bonds are to be collateralized by the levy of an annual ad valorem tax against all taxable property within the District. The District has no direct borrowings or direct placement debt.

On September 11, 2024, the District issued \$1,900,000 of unlimited tax bonds dated September 1, 2024. The bonds mature serially on September 1, in each year 2026 through 2048, in principal amounts set forth below. Bonds maturing on or after September 1, 2033, are subject to redemption, in whole or in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

These bonds are described as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Installments (in thousands)</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Series 2024	1,900,000	40 to 145	2048	4.0 - 6.500%	1,900,000

The change in the District's bonds during the year is as follows:

<u>Bonds:</u>	<u>Balance 9/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2024</u>
Unlimited Tax Bonds, Series 2024	-	1,900,000		1,900,000
Bond Discount, Series 2024	-	(56,700)	1,134	(55,566)
Total Bond Indebtedness	\$ -	\$ 1,843,300	\$ 1,134	\$ 1,844,434

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

5. Bonds (continued)

Debt service requirements on long-term debt as of the end of the year are as follows:

<u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ -	\$ 80,974	\$ 80,974
2025	40,000	83,288	123,288
2026	45,000	80,688	125,688
2027	45,000	77,763	122,763
2028	50,000	74,838	124,838
2029-2033	290,000	331,140	621,140
2034-2038	390,000	263,887	653,887
2039-2043	510,000	176,745	686,745
2044-2048	530,000	57,539	587,539
Totals	\$ 1,900,000	\$ 1,226,862	\$ 3,126,862

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

7. Contingencies

The District has an obligation to reimburse developers of property in the District for advances needed to cover operating costs of the District and costs expended on behalf of the District for the construction of water, sewer, drainage, road and recreational facilities designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

The developer to date has advanced \$2,182,227 to the district to supplement its operating expenses and for the district's share of a new shared amenity center. The district has an obligation to repay these advances, primarily with bond proceeds, at a later date once it is financially feasible.

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Subsequent Events

The District has evaluated subsequent events as of December 31, 2024, the date the financial statements were available to be issued.

10. Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds Total Fund Balances	\$ 240,554
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,420,354
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(1,844,434)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(6,940)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	-
Total Net Position	<u>\$ 1,809,534</u>

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

10. Reconciliation of Government-wide and Fund Financial Statements (continued)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds Excess of Revenues over Expenditures	\$ 397,478
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	-
Change in Other Income	-
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	
Capital Outlay	2,360,607
Depreciation Expense	-
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Bond Principal	-
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	(8,075)
Bond Proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Net Position	
Bond Proceeds-Net	(1,843,300)
Change in Net Position	<u>\$ 906,710</u>

REQUIRED SUPPLEMENTARY INFORMATION

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	AMENDED BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Water Service	\$ 216,000	\$ 187,322	\$ (28,678)
Wastewater Service	100,000	101,748	1,748
Tap Connection Fees	16,000	-	(16,000)
Property Taxes	146,213	157,145	10,932
Interest	-	-	-
TOTAL REVENUES	478,213	446,215	(31,998)
<u>EXPENDITURES</u>			
Current:			
Water Purchased	82,000	74,214	7,786
City Water Fees	84,000	99,195	(15,195)
Wastewater Service Purchased	100,000	77,477	22,523
Maintenance	100,000	103,662	(3,662)
Accounting Fees	20,000	21,075	(1,075)
Audit Fees	6,500	6,500	-
Engineering Fees	25,000	21,912	3,088
Legal Fees	30,000	46,046	(16,046)
Tax Assessor/Collector	500	766	(266)
Director Salaries and Payroll Taxes	10,000	7,851	2,149
Insurance	1,500	175	1,325
License and Fees	1,000	3,000	(2,000)
Printing and Office Supplies	4,500	3,035	1,465
Legal Notices	500	700	(200)
Capital Expenditures	950,000	870,420	79,580
TOTAL EXPENDITURES	1,415,500	1,336,028	79,472
<u>OTHER FINANCING SOURCES (USES)</u>			
Developer Advances	-	1,101,114	1,101,114
Excess (Deficit)	(937,287)	211,301	1,148,588
Fund Balance - Beginning of Year	(156,924)	(156,924)	-
Fund Balance - End of Year	<u><u>\$(1,094,211)</u></u>	<u><u>\$ 54,377</u></u>	<u><u>\$ 1,148,588</u></u>

See accompanying independent auditor's report

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SUPPLEMENTARY INFORMATION

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS WATER COMMISSION
FOR THE YEAR ENDED SEPTEMBER 30, 2024

(Schedules included are checked; explanatory notes are provided for omitted schedules).

- ☒ Schedule of Services and Rates
- ☒ Schedule of General Fund Expenditures
- ☐ Temporary Investments
- ☒ Analysis of Taxes Levied and Receivable
- ☒ General Long Term Debt Service Requirements by Years
- ☒ Analysis of Changes in General Long Term Debt
- ☒ Comparative Schedule of Revenues and Expenditures - General Fund
- ☐ Comparative Schedule of Revenues and Expenditures – Debt Service Fund
- ☒ Board Members, Key Personnel, and Consultants

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5
SERVICES AND RATES
SEPTEMBER 30, 2024

1. Services Provided by the District:

Retail Water	Drainage	Roads
Retail Wastewater	Parks	

2. Retail Rates Based on 5/8" Meter

			Flat	Rate per first	Rate per add'l
	Minimum	Minimum	Rate	1000 Gallons	1000 Gallons
	Charge	Usage	Y/N	Over Minimum	Over Minimum
Water:	\$ 49.71	-0-	N	\$ 4.65	\$ 4.65-5.65
Wastewater:	\$ 55.88	-0-	Y	\$ -0-	\$ -0-
Surcharge:	-0-				

Total water and wastewater charges per 10,000 gallons usage: \$ 152.69

3. Retail Service Provided: Number of retail water and/or wastewater connections.

			Inactive
	Active	Active	Connections
	Connections	ESFC	(ESFC)
Single Family & Total	180	180	0

4. Total Water Consumption During the Fiscal Year:

Gallons pumped into system: 18,727,408
Gallons billed to customers: 17,320,800

5. Standby Fees: The District does not assess standby fees.

6. Anticipated sources of funds to be used for debt service payments: Ad Valorem taxes

7. Location of District:

The District is located entirely within Travis and Williamson Counties.
The District is not located within any city.
The District is located within the City of Pflugerville ETJ.
The general membership of the Board is not appointed by an office outside the District.

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**SCHEDULE OF GENERAL FUND EXPENDITURES
YEAR ENDED SEPTEMBER 30, 2024**

Current:

Purchased Services for Resale

Water	\$ 74,214
City Fees	99,195
Wastewater	77,477
	<u>250,886</u>

Professional Fees

Audit	6,500
Engineering	21,912
Legal	46,046
	<u>74,458</u>

Contracted Services

Accounting	21,075
Tax Appraisal/Collection	766
	<u>21,841</u>

Administrative

Director Salaries and Payroll Taxes	7,851
Insurance	175
Printing and Office Supplies	3,035
Legal Notices	700
License and Fees	3,000
	<u>14,761</u>

Maintenance

Amenity Center	32,813
Channel Maintenance	-
General Maintenance	70,849
Pond Maintenance	-
	<u>103,662</u>

Capital Expenditures:

Recreational Facilities	7,760
Amenity Center	862,660
	<u>870,420</u>

TOTAL EXPENDITURES	\$ 1,336,028
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Number of persons employed by the District: -0-

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**ANALYSIS OF TAXES LEVIED AND RECEIVABLE
YEAR ENDED SEPTEMBER 30, 2024**

	MAINTENANCE TAXES	DEBT SERVICE TAXES
Taxes Receivable, Beginning of Year	\$ -	\$ -
2023 Original Levy	152,060	-
Adjustments	4,894	-
Add: Penalty & Interest	<u>191</u>	<u>-</u>
Total to be accounted for	<u>157,145</u>	<u>-</u>
Tax collections:		
Current year	157,145	-
Prior years	<u>-</u>	<u>-</u>
Total Collections	<u>157,145</u>	<u>-</u>
Taxes Receivable, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations:					
Land & Improvements	<u>15,676,264</u>	<u>1,764,433</u>	<u>154,020</u>	<u>-</u>	<u>-</u>

Tax Rates Per \$100 Valuation:					
Debt Service tax rates	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance tax rates	<u>0.9700</u>	<u>0.9700</u>	<u>0.9700</u>	<u>-</u>	<u>-</u>
Totals	<u><u>\$ 0.9700</u></u>	<u><u>\$ 0.9700</u></u>	<u><u>\$ 0.9700</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Original Tax Levy	<u><u>\$ 152,060</u></u>	<u><u>\$ 17,115</u></u>	<u><u>\$ 1,494</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2024**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR SERIES 2024		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2025	-	80,974	80,974
2026	40,000	83,288	123,288
2027	45,000	80,688	125,688
2028	45,000	77,763	122,763
2029	50,000	74,838	124,838
2030	50,000	71,588	121,588
2031	55,000	68,338	123,338
2032	60,000	66,138	126,138
2033	60,000	63,738	123,738
2034	65,000	61,338	126,338
2035	70,000	58,738	128,738
2036	75,000	55,938	130,938
2037	80,000	52,935	132,935
2038	80,000	49,738	129,738
2039	85,000	46,538	131,538
2040	90,000	43,138	133,138
2041	95,000	39,538	134,538
2042	100,000	35,619	135,619
2043	110,000	31,494	141,494
2044	115,000	26,956	141,956
2045	120,000	22,213	142,213
2046	130,000	17,263	147,263
2047	135,000	11,900	146,900
2048	145,000	6,163	151,163
2049	-	-	-
2050	-	-	-
	<u>\$ 1,900,000</u>	<u>\$ 1,226,862</u>	<u>\$ 3,126,862</u>

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED SEPTEMBER 30, 2024**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR ALL SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2025	-	80,974	80,974
2026	40,000	83,288	123,288
2027	45,000	80,688	125,688
2028	45,000	77,763	122,763
2029	50,000	74,838	124,838
2030	50,000	71,588	121,588
2031	55,000	68,338	123,338
2032	60,000	66,138	126,138
2033	60,000	63,738	123,738
2034	65,000	61,338	126,338
2035	70,000	58,738	128,738
2036	75,000	55,938	130,938
2037	80,000	52,935	132,935
2038	80,000	49,738	129,738
2039	85,000	46,538	131,538
2040	90,000	43,138	133,138
2041	95,000	39,538	134,538
2042	100,000	35,619	135,619
2043	110,000	31,494	141,494
2044	115,000	26,956	141,956
2045	120,000	22,213	142,213
2046	130,000	17,263	147,263
2047	135,000	11,900	146,900
2048	145,000	6,163	151,163
2049	-	-	-
2050	-	-	-
	<u>\$ 1,900,000</u>	<u>\$ 1,226,862</u>	<u>\$ 3,126,862</u>

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT
YEAR ENDED SEPTEMBER 30, 2024**

	SERIES 2024	SERIES Future	SERIES Future	Totals
Interest Rate	4.0 - 6.5%			
Dates Interest Payable	3/1 : 9/1			
Maturity Dates	2026-48			
Bonds at Beginning of Year	\$ -	\$ -	\$ -	\$ -
Bonds Sold During the Year	1,900,000		-	1,900,000
Bonds Defeased During the Year	-	-	-	-
Retirements During the Year	-	-	-	-
Bonds at End of Year	<u>\$ 1,900,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>
Interest Paid During the Year	\$ -	\$ -	\$ -	\$ -
Change in Accrued Interest	6,941	-	-	6,941
Amortization of Premium/Discount	1,134	-	-	1,134
Interest Expense	<u>\$ 8,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,075</u>
Paying Agent	BOKF, NA			
	Tax Bonds	Road Bonds	Recreational Bonds	Refunding Bonds
Bond Authority:				
Amount Authorized By Voters	\$ 575,590,000	\$ 240,000,000	\$ 47,375,000	\$1,210,350,000
Amount Issued	\$ 1,900,000	\$ -	\$ -	\$ -
Remaining To Be Issued	\$ 573,690,000	\$ 240,000,000	\$ 47,375,000	\$ -
Debt Service Fund Cash and Temporary Investments balances as of September 30, 2024				<u>\$ 125,094</u>
Average annual debt service payment (principal & interest) for remaining term of all debt				<u>\$ 130,286</u>

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024**

	AMOUNTS				
	2024	2023	2022	2021	2020
<u>REVENUES</u>					
Water Service	\$ 187,322	\$ 63,662	\$ -	\$ -	\$ -
Wastewater Service	101,748	27,878	-	-	-
Tap Connection Fees	-	-	-	-	-
Property Taxes	157,145	17,115	1,493	-	-
Interest and Other	-	-	23,748	-	-
TOTAL REVENUES	446,215	108,655	25,241	-	-
<u>EXPENDITURES</u>					
Current:					
Water Purchased	74,214	23,162	-	-	-
City Water Fees	99,195	25,196	-	-	-
Wastewater Service Purchased	77,477	27,878	-	-	-
Repairs and Maintenance	103,662	45,095	-	-	-
Accounting Fees	21,075	10,475	4,653	2,050	-
Audit Fees	6,500	-	-	-	-
Engineering Fees	21,912	19,223	4,189	29,300	-
Legal Fees	46,046	27,547	13,546	17,453	-
Tax Assessor/Collector	766	74	6	-	-
Director Salaries and Tax	7,851	4,251	2,558	3,781	2,745
Insurance	175	175	175	175	175
Licenses & Fees	3,000	-	-	-	-
Miscellaneous	3,035	3,537	195	337	194
Legal Notices	700	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-
Capital Expenditures	870,420	912,084	13,774	27,720	97,270
TOTAL EXPENDITURES	1,336,028	1,098,697	39,096	80,816	100,384
Other Sources (Uses)					
Developer Advances	1,101,114	807,181	74,763	101,693	97,476
Excess (Deficit) of					
Revenues over Expenditures	\$ 211,301	\$ (182,861)	\$ 60,908	\$ 20,877	\$ (2,908)
TOTAL ACTIVE					
RETAIL CONNECTIONS	180	103	-	-	-

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2024**

	PERCENT OF REVENUES				
	2024	2023	2022	2021	2020
<u>REVENUES</u>					
Water Service	42%	59%	0%	N/A	N/A
Wastewater Service	23%	26%	0%	N/A	N/A
Tap Connection Fees	0%	0%	0%	N/A	N/A
Property Taxes	35%	16%	6%	N/A	N/A
Interest and Other	0%	0%	94%	N/A	N/A
TOTAL REVENUES	100%	100%	100%	0%	0%
<u>EXPENDITURES</u>					
Current:					
Water Purchased	17%	21%	0%	N/A	N/A
City Water Fees	22%	23%	0%	N/A	N/A
Wastewater Service Purchased	17%	26%	0%	N/A	N/A
Repairs and Maintenance	23%	42%	0%	N/A	N/A
Accounting Fees	5%	10%	18%	N/A	N/A
Audit Fees	1%	0%	0%	N/A	N/A
Engineering Fees	5%	18%	17%	N/A	N/A
Legal Fees	10%	25%	54%	N/A	N/A
Tax Assessor/Collector	0%	0%	0%	N/A	N/A
Director Salaries and Tax	2%	4%	10%	N/A	N/A
Insurance	0%	0%	1%	N/A	N/A
Licenses & Fees	1%	0%	0%	N/A	N/A
Miscellaneous	1%	3%	1%	N/A	N/A
Legal Notices	0%	0%	0%	N/A	N/A
Fiscal Agent Fees	0%	0%	0%	N/A	N/A
Capital Expenditures	195%	839%	55%	N/A	N/A
TOTAL EXPENDITURES	299%	1011%	155%	0%	0%
Miscellaneous	247%	743%	296%	N/A	N/A
Excess (Deficit) of Revenues over Expenditures	47%	-911%	-55%	0%	0%
TOTAL ACTIVE RETAIL CONNECTIONS	180	103	-	-	-

See accompanying independent auditor's report

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED SEPTEMBER 30, 2024**

DISTRICT MAILING ADDRESS: c/o Tiemann, Shahady & Hamala, 102 N. Railroad Ave, Pflugerville, TX 78660

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 251-1920

LIMITS ON FEES OF OFFICE THAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: \$7,200

NAMES	TERM OF OFFICE	SALARY FYE 9/30/24	REIMBURSEMENTS FYE 9/30/24	TITLE AT YEAR END
<u>DIRECTORS</u>				
Jeff Rinderknecht	Elected 11/22-11/26	\$ 663	\$ -	President
Roderick Wesley	Elected 11/20-11/24	3,315	-	Vice-President
Thomas Villarreal	Elected 11/22-11/26	1,105	-	Secretary/Treasurer
Adam Dwire	Elected 11/22-11/26	884	-	Asst Sec
Oscar B. Peterson	Elected 11/20-11/24	1,326	-	Asst Sec
Payments to Retiring Directors		-	-	
		<u>\$ 7,293</u>	<u>\$ -</u>	

CONSULTANTS

Tiemann, Shahady & Hamala	\$ 46,046	\$ -	Attorneys
Jones-Heroy & Associates	\$ 21,912	\$ -	Engineers
Montoya & Monzingo	\$ 21,075	\$ -	Accountants
West, Davis & Company	\$ 6,500	\$ -	Auditor

See accompanying independent auditor's report

OTHER INFORMATION

LAKESIDE MUNICIPAL UTILITY DISTRICT No. 5

PRINCIPAL TAXPAYERS

September 30, 2024

Taxpayer	Taxable Assessed Value	% of 2024 Certified Taxable Assessed Value
GABH, LLC	\$ 3,742,307	4.60%
GFO Home, LLC	2,796,772	3.43%
Chesmar Homes, LLC	1,738,242	2.13%
Individual	915,629	1.12%
Individual	913,242	1.12%
Individual	818,448	1.01%
Individual	754,338	0.93%
Individual	720,590	0.89%
Individual	716,474	0.88%
Individual	715,934	0.88%
Total	\$ 13,831,976	16.99%

ASSESSED VALUE BY CLASSIFICATION

September 30, 2024

Type of Property	2024 Taxable Assessed Value
Land	\$ 35,161,673
Improvements	71,440,075
Personal Property	5,403
Total Assessed Valuation	106,607,151
Exemptions	25,185,826
Total Taxable Appraised Valuation	\$ 81,421,325

See accompanying independent auditor's report

APPENDIX B

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:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN