#### OFFICIAL STATEMENT DATED OCTOBER 14, 2025

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND THE OPINION OF SPECIAL TAX COUNSEL 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 BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."

**NEW ISSUE-Book-Entry Only** 

Insured Rating (BAM): S&P "AA" (stable outlook) Underlying Rating: Moody's "Baa3" See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

### \$3,730,000

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 (A political subdivision of the State of Texas located within Travis County) UNLIMITED TAX ROAD BONDS SERIES 2025A

The bonds described above (the "Bonds") are obligations solely of Travis County Municipal Utility District No. 22 (the "District") and are not obligations of the State of Texas, Travis County or any entity other than the District.

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

Dated Date: November 1, 2025 Interest Accrual Date: Date of Delivery Due: September 1, as shown below

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially UMB Bank, N.A., Austin, Texas (the "Registrar/Paying Agent") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of initial delivery (expected on or about November 13, 2025) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

The Bonds will be registered 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/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."



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

#### **MATURITY SCHEDULE**

			Initial					Initial	
Due	Principal	Interest	Reoffering	CUSIP	Due	Principal	Interest	Reoffering	CUSIP
(September 1)	<u>Amount</u>	Rate	Yield (b)	Number (c)	(September 1)	<u>Amount</u>	Rate	Yield (b)	Number (c)
2027	\$ 80,000	6.500%	2.75%	89440M HA3	2039	\$ 150,000 (a	4.000%	4.30%	89440M HN5
2028	85,000	6.500%	2.80%	89440M HB1	2040	160,000 (a	) 4.125%	4.40%	89440M HP0
2029	90,000	6.500%	2.90%	89440M HC9	2041	165,000 (a	) 4.250%	4.50%	89440M HQ8
2030	95,000	6.500%	3.00%	89440M HD7	2042	175,000 (a	) 4.250%	4.55%	89440M HR6
2031	100,000	5.750%	3.10%	89440M HE5	2043	185,000 (a	) 4.250%	4.60%	89440M HS4
2032	105,000	5.000%	3.20%	89440M HF2	2044	195,000 (a	) 4.375%	4.64%	89440M HT2
2033	110,000	(a) 4.000%	3.30%	89440M HG0	2045	205,000 (a	) 4.375%	4.67%	89440M HU9
2034	115,000	(a) 4.000%	3.50%	89440M HH8	2046	215,000 (a	) 4.500%	4.70%	89440M HV7
2035	120,000	(a) 4.000%	3.70%	89440M HJ4	2047	225,000 (a	) 4.500%	4.72%	89440M HW5
2036	130,000	(a) 4.000%	3.85%	89440M HK1	2048	235,000 (a	) 4.500%	4.74%	89440M HX3
2037	135,000	(a) 4.000%	4.00%	89440M HL9	2049	250,000 (a	) 4.500%	4.76%	89440M HY1
2038	140,000	(a) 4.000%	4.15%	89440M HM7	2050	265,000 (a	) 4.500%	4.78%	89440M HZ8

<sup>(</sup>a) Bonds maturing on or after September 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McLean & Howard, L.L.P., Austin, Texas, Bond Counsel and McCall, Parkhurst & Horton L.L.P., Special Tax Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 13, 2025.

<sup>(</sup>b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.

<sup>(</sup>c) 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 Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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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 representations 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 The Carlton Law Firm P.L.L.C., General Counsel, 4301 Westbank Drive, Suite B-130, Austin, Texas 78746, for further information.

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 Initial Purchaser (as herein defined) 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."

#### OFFICIAL STATEMENT SUMMARY

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

#### THE DISTRICT

The District was created by order of the Texas Commission on Environmental Quality (the Description...

"Commission" or "TCEQ"), dated November 10, 2015. The District presently contains

approximately 911 acres of land. See "THE DISTRICT."

Location... The District is located in western Travis County approximately four miles southwest of U.S. Highway 71 along Hamilton Pool Road. The District is approximately five miles

southwest of the City of Bee Cave, Texas (the "City") and approximately 20 miles west of downtown Austin, Texas. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

JPH Capital, Ltd., a Texas limited partnership ("JPH"), John Hatchett and Sandra Hatchett (collectively, the "Landowners") initially owned all of the approximately 911 acres within The Developer...

the District. The lands were owned by JPH individually, by John Hatchett individually, or by John Hatchett and Sandra Hatchett jointly. Masonwood HP, Ltd., a Texas limited partnership ("Masonwood HP") entered into a contract with the Landowners providing an exclusive option to Masonwood HP to purchase all of the lands within the District. Masonwood HP has purchased approximately 318 acres in the District from the Landowners. Masonwood HP II, Ltd., a Texas Limited Partnership ("Masonwood HP II") has purchased approximately 593 acres in the District from the Landowners. Masonwood

HP is the sole owner of Masonwood HP II. Masonwood HP and Masonwood HP II may be collectively referred to herein as the "Developer." The Developer has developed 687 single-family residential lots on approximately 319 acres within the District and owns the

remaining 209 acres of developable acres within the District. See "THE DEVELOPER."

stages of construction, and 180 developed lots available for new home construction.

The land within the District is being developed primarily as a single family residential community known as Provence. Water, sanitary sewer, and drainage facilities have been constructed to serve Provence, Phase 1, Sections 1, 2, 3A, 4, 5A, 6A, 6B, 7 and 8 (consisting of approximately 319 acres of land developed into 687 single-family residential lots). As of June 30, 2025, the District contained 470 single-family homes completed and occupied, 11 single-family homes completed and not occupied, 26 single-family homes in various

> In addition to the development described above, the District contains approximately 209 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Also, approximately 383 acres of undevelopable land are contained in drainage and detention easements, recreational and open space areas, and plant sites. See "THE DISTRICT—Land Use" and "—Status of Development."

> According to the Developer, the homebuilders currently active within the District are as follows: David Weekley Homes, Newmark Homes, Westin Homes, Drees Custom Homes, and Ashton Woods Homes. The homes range in price from approximately \$550,000 to \$1,300,000 with square footage ranging from 1,800 to 4,200 square feet. See "THE

DEVELOPER—Homebuilding.

The District has previously issued three series of unlimited tax bonds for water, sanitary sewer, and drainage facilities in the aggregate principal amount of \$33,915,000 and three series of unlimited tax road bonds for road facilities in the aggregate principal amount of \$8,770,000. \$41,565,000 of the bonds previously issued for water, sewer and drainage facilities and the bonds previously issued for road facilities, collectively, remains outstanding as of the date hereof (the "Outstanding Bonds"). The District has never defaulted on the payment of principal or interest on its prior bond indebtedness. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)— Outstanding Debt." The Bonds are the District's fourth issuance of unlimited tax bonds for road facilities. The District capitalized twelve (12) months of interest from the Series 2025 Bonds in May 2025 and will capitalize twelve (12) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Status of Development...

Builders...

Payment Record...

#### THE BONDS

Description...

The \$3,730,000 Unlimited Tax Road Bonds, Series 2025A (the "Bonds") are being issued pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the District's Board of Directors (the "Board") as fully registered bonds. The Bonds are scheduled to mature serially on September 1 in each of the years 2027 through 2050, inclusive, and in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are dated November 1, 2025, and accrue interest from the Date of Delivery, with interest payable March 1, 2026, and each March 1 and September 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. See "THE BONDS."

Book-Entry-Only System...

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

Redemption...

Bonds maturing on or after September 1, 2033 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

Use of Proceeds...

Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay interest on funds advanced by the Developer, to capitalize twelve (12) months of interest on the Bonds, to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance...

The Bonds are the fourth series of bonds issued out of an aggregate of \$12,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing or financing 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 "THE BONDS—Authority for Issuance" and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment...

Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of Travis County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."

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"). Moody's Investors Service Inc. ("Moody's") has assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Not Qualified Tax-Exempt Obligations...

The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

Bond Counsel... McLean & Howard, L.L.P., Austin, Texas. See "MANAGEMENT OF THE DISTRICT"

and "LEGAL MATTERS."

Special Tax Counsel... McCall, Parkhurst & Horton L.L.P., Dallas, Texas.

The Carlton Law Firm P.L.L.C., Austin, Texas. See "MANAGEMENT OF THE DISTRICT." General Counsel...

Financial Advisor... Masterson Advisors LLC, Austin, Texas. See "MANAGEMENT OF THE DISTRICT."

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

Engineer... Moody Engineering Inc., Austin, Texas.

Paying Agent/Registrar... UMB Bank, N.A., Austin, Texas. See "THE BONDS-Method of Payment of Principal

and Interest."

#### INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

#### SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation	\$382,915,276	(a)
Gross Direct Debt Outstanding	\$45,295,000 <u>9,400,655</u> \$54,695,655	(b) (c)
Ratio of Gross Direct Debt to: 2025 Taxable Assessed Valuation Ratio of Gross Direct Debt and Estimated Overlapping Debt to: 2025 Taxable Assessed Valuation	11.83% 14.28%	
Funds Available for Debt Service as of September 17, 2025:  Debt Service Funds  Capitalized Interest from Proceeds of the Bonds (Twelve (12) Months)  Total Funds Available for Debt Service	\$2,165,794 <u>169,713</u> \$2,335,507	(d) (d)(e)
Funds Available for Operating Funds as of September 17, 2025	\$2,506,554	
Funds Available for Capital Projects as of September 17, 2025 Water, Sanitary Sewer and Drainage Capital Projects Funds Road Capital Projects Funds	\$767,608 <u>222,350</u> \$989,958	
2025 Debt Service Tax Rate	\$0.76 <u>0.09</u> \$0.85	(f)
Average Annual Debt Service Requirement (2026-2050)	\$3,032,819 \$3,317,650	(g) (g)
Tax Rates Required to Pay Average Annual Debt Service (2026-2050) at a 95% Collection Rate Based upon 2025 Taxable Assessed Valuation  Tax Rates Required to Pay Maximum Annual Debt Service (2045) at a 95% Collection Rate Based upon 2025 Taxable Assessed Valuation	\$0.84 \$0.92	
Status of Development as of June 30, 2025 (h): Total Lots Developed Completed Homes (470 Occupied) Homes Under Construction or in a Builder's Name. Lots Available for Home Construction Estimated Population	687 481 26 180 1,645	(i)

<sup>(</sup>a) The 2025 Taxable Assessed Valuation shown herein includes \$343,409,915 of certified value and \$39,505,361 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."

- (c)
- See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements." (d)
- The District will capitalize twelve (12) months of interest from Bond proceeds to pay debt service on the Bonds. See "USE AND DISTRIBUTION (e) OF BOND PROCEEDS.'
- See "TAX DATA—Historical Tax Rate Distribution." (f)
- See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "THE BONDS— (g) Issuance of Additional Debt."
- See "THE DISTRICT—Land Use" and "-Status of Development." (h)
- Based upon 3.5 persons per occupied single-family residence. (i)

Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Debt" and "THE BONDS—Issuance of Additional Debt."

See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt." (b)

#### **OFFICIAL STATEMENT**

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22

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

#### \$3,730,000

#### UNLIMITED TAX ROAD BONDS SERIES 2025A

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Travis County Municipal Utility District No. 22 (the "District") of its \$3,730,000 Unlimited Tax Road Bonds, Series 2025A (the "Bonds").

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District and a resolution authorizing the issuance, sale and delivery of the Bonds adopted by the Board of Directors of the District (the "Bond Resolution").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, Masonwood HP, Ltd., a Texas limited partnership ("Masonwood HP"), Masonwood HP II, Ltd., a Texas limited partnership ("Masonwood HP II") and development activity in the District. Masonwood HP is the sole owner of Masonwood HP II. Masonwood HP and Masonwood HP II may be collectively referred to herein as the "Developer." Other 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 The Carlton Law Firm P.L.L.C., General Counsel, 4301 Westbank Drive, Suite B-130, Austin, Texas 78746.

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 Initial Purchasers 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.

#### THE BONDS

#### **Description**

The Bonds will be dated November 1, 2025 and accrue interest from the Date of Delivery, with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2026, and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

#### Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed UMB Bank, N.A., Austin, 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 Resolution.

#### Source of Payment

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

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

#### **Funds**

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

Twelve (12) months of capitalized interest shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds from the sale of the Bonds shall be deposited into the Capital Projects Fund, to be used for the purpose of reimbursing the Developer for certain construction costs, paying Developer interest, and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

#### No Arbitrage

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

#### **Record Date**

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the calendar month (whether or not a business day) immediately preceding such interest payment date.

#### **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2033, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on September 1, 2032, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

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

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

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

#### **Authority for Issuance**

At a bond election held within the District, voters of the District authorized the issuance of \$12,500,000 principal amount of unlimited tax bonds for the purpose of constructing road facilities within the District. The Bonds are being issued pursuant to such authorization. See "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, and the Bond Resolution.

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

#### **Registration and Transfer**

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

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

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

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

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

#### Lost, Stolen or Destroyed Bonds

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

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

#### **Issuance of Additional Debt**

The District's voters have authorized the issuance of \$102,000,000 principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities serving the District, \$12,500,000 principal amount of unlimited tax bonds for roads and related improvements, and \$7,250,000 principal amount of unlimited tax bonds for parks and recreational facilities. After the issuance of the Bonds, the District will have \$68,085,000 principal amount of unlimited tax bonds authorized but unissued for a water, sanitary sewer and drainage facilities, no remaining authorized but unissued unlimited tax bonds for roads and related improvements, and all of the unlimited tax bonds authorized for parks and recreational facilities authorized but unissued.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless, the District meets certain 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 greater than three percent (3%) of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire plan and bonds for such purposes by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered developing a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. Issuance of additional bonds could dilute the investment security for the Bonds.

#### Consolidation

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

#### **Remedies in Event of Default**

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

#### Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which 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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable 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 the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

#### **BOOK-ENTRY-ONLY SYSTEM**

The information in this section concerning the Depository Trust Company ("DTC"), New York, NY and DTC's bookentry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.

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

The 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 rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

#### USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District. Non-construction costs are based upon either contract amounts, or estimates of various costs by Moody Engineering Inc. (the "Engineer") and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and certain agreed upon procedures are completed by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used. See "THE ROAD SYSTEM."

#### **CONSTRUCTION COSTS**

Provence Phase 1, Section 3A	\$ 119,787
Provence Phase 1, Sections 6A & 6B	1,035,218
Provence Phase 1, Section 7	615,085
Provence Phase 1, Section 8	554,100
Right-of-Way Land Costs	 521,386
Total Construction Costs	\$ 2,845,575
NON-CONSTRUCTION COSTS	
Underwriter's Discount (a)	\$ 111,761
Capitalized Interest (12 Months) (a)	169,713
Developer Interest (Estimated)	 324,404
Total Non-Construction Costs	\$ 605,878
ISSUANCE COSTS AND FEES	
Issuance Costs and Professional Fees	\$ 233,646
Bond Engineering Report	14,920
State Regulatory Fees	3,730
• Contingency (a)	 26,251
Total Issuance Costs and Fees.	\$ 278,547
TOTAL BOND ISSUE	\$ 3,730,000

<sup>(</sup>a) Contingency represents the difference between the estimated and actual amounts of Underwriter's Discount and capitalized interest.

#### THE DISTRICT

#### General

The District is a municipal utility district created by order of the Commission, dated November 10, 2015, 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 is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water, to construct certain roads within its boundaries and to establish parks and recreational facilities for the residents of the District. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to contract for or employ its own peace officers and, after approval by the TCEQ and the voters of the District, to establish, operate, and maintain fire-fighting facilities. See "THE BONDS—Issuance of Additional Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, sanitary sewer, drainage, and road and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require public water, sanitary sewer and drainage facilities to be designed in accordance with certain standards. Construction and operation of the District's system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

#### **Description and Location**

The District presently contains approximately 911 acres of land. The District is located in western Travis County approximately four miles southwest of U.S. Highway 71 along Hamilton Pool Road. The District is approximately five miles southwest of the City and approximately 20 miles west of downtown Austin, Texas.

#### **Land Use**

The District currently includes approximately 319 developed acres of single-family residential development (687 lots), and approximately 383 undevelopable acres (utility easements, detention, open space, floodplain, right-of-way and amenity acreage). The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Single-Family Residential	710103	Lots
Provence, Phase 1, Section 1	129	160
Provence, Phase 1, Section 2	26	59
Provence, Phase 1, Section 3A	29	67
Provence, Phase 1, Section 4	29	69
Provence, Phase 1, Section 5A	20	61
Provence, Phase 1, Section 6A	23	87
Provence, Phase 1, Section 6B	18	53
Provence, Phase 1, Section 7	21	71
Provence, Phase 1, Section 8	25	60
Subtotal	319	687
Future Development	209	
Non-Developable (a)	383	
Totals	911	687

<sup>(</sup>a) Includes public rights-of-way, detention, open spaces, floodplain, easements, utility sites and amenity acreage.

#### **Status of Development**

<u>Single-Family Residential</u>: The land within the District is being developed primarily as a single family residential community known as Provence. Water, sanitary sewer, and drainage facilities have been constructed to serve Provence, Phase 1, Sections 1, 2, 3A, 4, 5A, 6A, 6B, 7 and 8 (consisting of approximately 319 acres of land developed into 687 single-family residential lots). As of June 30, 2025, the District contained 470 single-family homes completed and occupied, 11 single-family homes completed and not occupied, 26 single-family homes in various stages of construction, and 180 developed lots available for new home construction.

In addition to the development described above, the District contains approximately 209 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Also, approximately 383 acres of undevelopable land are contained in drainage and detention easements, recreational and open space areas, and plant sites.

#### **Future Development**

The remaining undeveloped but developable 209 acres in the District are expected to be developed primarily as single family residential, with some commercial uses. The initiation of any new development beyond that described in this OFFICIAL STATEMENT will be dependent on several factors including, to a great extent, additions to the District's utility system required to service such undeveloped acreage and general and economic conditions which would affect any party's ability to sell lots and/or other property and of any home builder to sell completed homes. See "THE DEVELOPER" and "INVESTMENT CONSIDERATIONS" herein. If the undeveloped portion of the District is eventually developed, additions to the District's utility systems required to service such undeveloped acreage may be financed by future issues of the District's bonds. The District's Engineer estimates that the remaining \$75,335,000 principal amount of voted unlimited tax bonds which are authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities, should be sufficient to reimburse the costs of the existing utility facilities and provide utility service to remaining undeveloped but developable acreage within the District. See "THE BONDS – Issuance of Additional Debt." The Developer is under no obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that any future development will occur.

#### THE DEVELOPER

#### Role of a Developer

In general, the activities of a landowner or developer in a municipal utility 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 Commission 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 Commission 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.

Neither the Developer (as hereinafter defined) nor any of its affiliates, is obligated to pay principal of or interest on the Bonds. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments." Furthermore, neither the Developer nor any of its affiliates have any binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District.

#### The Developer

JPH Capital, Ltd., a Texas limited partnership ("JPH"), John Hatchett and Sandra Hatchett (collectively, the "Landowners") initially owned all of the approximately 911 acres within the District. The lands were owned by JPH individually, by John Hatchett individually, or by John Hatchett and Sandra Hatchett jointly. Masonwood HP, Ltd., a Texas limited partnership ("Masonwood HP") entered into a contract with landowners providing an exclusive option to Masonwood HP to purchase all of the lands within the District. Masonwood HP has purchased approximately 318 acres in the District from the Landowners. Masonwood HP II, Ltd., a Texas limited partnership ("Masonwood HP II") has purchased approximately 593 acres in the District from the Landowners. Masonwood HP is the sole owner of Masonwood HP II. Masonwood HP and Masonwood HP II may be collectively referred to herein as the "Developer."

The Developer has financed the development of Provence, Phase 1, Sections 1, 2, 3A, 4, 5A, 6A, 6B, 7 and 8 in the District with financing provided by commercial lending institutions. The development loan has been paid in full. Of the 687 lots in these sections, houses have been, or are being, constructed on 507 of such lots. In addition to the sections above, the Developer owns approximately 209 acres of land in the District and continues to own approximately 180 developed lots which are available for new home construction.

The Developer is financing the development of Provence, Phase 2 in the District with a development loan provided by Trez Capital (2015) Corporation, a British Columbia corporation, with a maturity date of March 28, 2028. The balance as of September 1, 2025 is \$39,000,000. The loan is secured by land in the District and further secured by a collateral agreement from the Developer to the Developer's rights to reimbursement from District bond proceeds for certain costs related to the development within the District.

The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developer does not have any legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time.

#### **Construction and Reimbursement Agreements**

The Developer and the District entered into a Utility and Park Construction and Reimbursement Agreement effective August 27, 2020 (the "Utility and Park Construction Agreement"). The Utility and Park Construction Agreement governs the development of water, wastewater, drainage and recreational facilities in the District and the reimbursement of certain costs of such development through the District's issuance of bonds. The Developer and the District also entered into a Road Improvements Construction and Reimbursement Agreement effective August 27, 2020 (the "Road Improvements Agreement"). The Road Improvements Agreement governs the construction of roads and improvements in aid of such roads and the reimbursement of certain costs of such road improvements through the District's issuance of bonds. Pursuant to the terms of an Assignment of Reimbursement Contracts and Proceeds effective December 28, 2020, the Developer assigned JPH all of its right, title and interest in and right to receive reimbursements under the Utility and Park Construction Agreement and the Road Improvements Agreement with respect to development of the property within the District. On March 28, 2025, JPH assigned all of its rights, title and interest in and to the Utility and Park Construction Agreement, and the Road Improvements Agreement, to Masonwood HP II.

#### Homebuilding

According to the Developer, the homebuilders currently active within the District are as follows: David Weekley Homes, Newmark Homes, Westin Homes, Drees Custom Homes, and Ashton Woods Homes. The homes range in price from approximately \$550,000 to \$1,300,000 with square footage ranging from 1,800 to 4,200 square feet.

#### **National Finance Authority**

The Developer has obtained financing for a portion of the development of the District through the National Finance Authority (the "National Finance Authority" or "NFA"). The NFA issued \$41,120,103.60 Special Revenue Capital Appreciation Bonds, Series 2025 (the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of the Bonds and the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations and Certifications for Tax Purposes to the NFA with respect to the issuance of the NFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

#### MANAGEMENT OF THE DISTRICT

#### **Board of Directors**

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. All of the Board members reside within the District. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms are listed as follows:

<u>Name</u>	District Board Title	Term Expires
Mr. Nate Gilbert	President	May 2028
Mr. Homero Garcia	Vice President	May 2028
Mr. Chris Madden	Secretary	May 2028
Vacant	Treasurer	May 2026
Vacant	Director	May 2026

#### **District Consultants**

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

<u>General Counsel</u>: The District has engaged The Carlton Law Firm P.L.L.C. as general counsel to the District. The fees of general counsel for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. Compensation to general counsel for other services to the District is based on time charges actually incurred.

<u>Bond Counsel</u>: The District has engaged McLean & Howard, L.L.P. as Bond Counsel in connection with the issuance of the District's bonds. The fees of Bond Counsel for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

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

<u>Auditor</u>: The District's financial statements for the year ended September 30, 2024, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC. See APPENDIX A for a copy of the District's September 30, 2024, audited financial statements. The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC to audit its financial statements for the year ended September 30, 2025.

<u>Engineer</u>: The consulting engineer for the District in connection with the design and construction of the District's facilities is Moody Engineering Inc. The District engaged Jones-Heroy & Associates, Inc. as engineering consultant to assist in the preparation of the summary of costs for the Bonds.

<u>Tax Appraisal</u>: The Travis Central Appraisal District (the "Appraisal District") has the responsibility of appraising all property within the District located within their respective jurisdictions. The Appraisal District also contracts with the District of the collection of taxes. See "TAX PROCEDURES."

<u>Bookkeeper</u>: The District has engaged Municipal Accounts & Consulting, L.P. to serve as the District's bookkeeper (the "Bookkeeper").

Operations: The operator of the water and wastewater system serving the District is Crossroads Utility Services.

<u>Tax Assessor/Collector</u>: The tax assessor/collector for the District is the Travis County Tax Office (the "Tax Assessor/Collector").

<u>Special Tax Counsel</u>: McCall, Parkhurst & Horton L.L.P., Dallas, Texas has been retained as Special Tax Counsel. The fees payable to Special Tax Counsel are contingent upon the issuance, sale and delivery of the Bonds.

<u>Disclosure Counsel</u>: McCall, Parkhurst & Horton L.L.P., Austin, Texas serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

#### THE ROAD SYSTEM

Provence Boulevard is the major collector street serving the District. The road meets Travis County's criteria for collector roadway designation. 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. 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 connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

#### Water, Sanitary Sewer and Drainage Facilities

Construction of the water, sanitary sewer and drainage facilities to serve the District have been financed with funds advanced by the Developer.

Source of Water Supply: Water supply for the District is provided by the West Travis County Public Utility Authority ("WTCPUA"). The WTCPUA currently operates a 20,900,000 gallon per day ("gpd") surface water treatment plant.

On March 19, 2015, the Developer and WTCPUA entered into a Nonstandard Service Agreement (the "Original Water Service Agreement") for the provision of retail water service equivalent to 700 equivalent single-family connections ("ESFCs"). The commitment from the WTCPUA to serve up to 700 ESFCs within the District was adequate to serve the first phase of development but was not sufficient to develop the entire proposed development plan at full build out. In August 2016, the Landowners and the District submitted a service extension request to the WTCPUA for the remaining 1,137 ESFCs required to serve the balance of the development plan, which was denied by the WTCPUA. In January 2018, the WTCPUA amended its service policies to impose certain impervious coverage requirements as a condition to water service. In April 2018, the Landowners filed suit, which the District later joined, in the 201st Judicial District Court, Travis County, Texas and United States District Court for the Western District of Texas, Austin Division to challenge, among other claims, WTCPUA's denial of the service extension request. In April 2020, the Developer also filed suit against the WTCPUA in the 345th Judicial District Court, Travis County, Texas to demand payment of impact fee credits. On December 17, 2020, the WTCPUA, the Landowners, the Developer and the District entered into a Compromise and Settlement Agreement (the "Settlement Agreement") to dismiss the lawsuits upon the execution of an Amended and Restated Nonstandard Service Agreement between the Developer and the WTCPUA.

On December 17, 2020, the Developer and the WTCPUA entered into such Amended and Restated Agreement for the Provision of Nonstandard Retail Water Service (Provence Subdivision) (the "Amended and Restated Water Service Agreement") which sets forth the terms and conditions upon which the WTCPUA will provide retail water service to development within the District. Pursuant to the Amended and Restated Water Service Agreement, the WTCPUA agrees to provide the additional 1,137 ESFCs of retail water service necessary to serve the District at full build out, for a total commitment of 1,837 ESFCs of retail water service, only upon the construction and completion of certain facilities necessary to extend water service to the District, including a water transmission line to deliver potable water from the West Bee Cave Pump Stations to the Hamilton Pool Road Pump Station of the WTCPUA (the "Hamilton Pool Road Transmission Line"). The Developer is required to construct the Hamilton Pool Road Transmission Line, at its sole cost and expense, as set forth in the agreement. The Developer is additionally required to pay a pro rata share of costs associated with expansions to two existing WTCPUA pump stations (the "Pump Station Projects"). Pursuant to the Amended and Restated Water Service

Agreement, the Hamilton Pool Road Transmission Line and the Pump Station Projects are necessary and required to be constructed before the WTCPUA will provide the additional 1,137 ESFCs. Of the 1,137 additional ESFCs of water service capacity, 310 ESFCs shall be made available when the easements and/or right of way necessary for the construction of the Hamilton Pool Road Transmission Line have been acquired. The WTCPUA's commitment to provide the sufficient water capacity required to serve the balance of the development plan is therefore conditioned upon the construction of the Hamilton Pool Road Transmission Line and the Developer's compliance with the provisions of the Amended and Restated Water Service Agreement. The District makes no representation as to the Developer's ability to construct the Hamilton Pool Road Transmission Line or fulfill its other obligations under the Amended and Restated Nonstandard Water Service Agreement.

The Settlement Agreement additionally provides that if any portion of the Hamilton Pool Road Transmission Line is located within right-of-way, the District will pay to WTCPUA all costs for any future relocation of the Hamilton Pool Road Transmission Line that is required due to construction or expansion of Hamilton Pool Road, which shall be given higher priority than reimbursements from the District owed to the Developer or Landowner for eligible costs.

Source of Wastewater Treatment: The District's wastewater treatment is provided by a wastewater treatment plant (the "WWTP") and irrigation disposal system that provides 150,000 gallons per day ("gpd") of treatment and 100,000 gpd disposal capacity. The District currently leases Phase 1 of the wastewater treatment plant from AUC Group, L.P. ("AUC"). The plant began operating in November 2020. Pursuant to the lease agreement between the District and AUC, the District is obligated to make lease payments to AUC for Phase 1 of the WWTP during the term of the lease. The current District lease payment is \$9,000 per month. Pursuant to the lease agreement, the District has the option to purchase the plant from AUC if the District desires to purchase the facilities. The District makes no representation whether it will purchase the facilities. The current lease payment for Phase 2 of the WWTP paid by the Developer is \$11,200 per month. The District makes no representation whether or when it will acquire the Phase 2 WWTP lease from Developer.

According to the Engineer, the plant's current wastewater capacity is capable of serving a total of 500 ESFCs based on a design capacity of 200 gpd per ESFC. The most recent historical flows per connection have been approximately 160 gpd per ESFC. Based on these flows, the existing wastewater treatment and disposal capacity would be sufficient to serve approximately 563 ESFCs. As of January 2025, the average wastewater flows are approximately 80,000 gallons per day, which represents 80% of the existing rated capacity of the WWTP.

The District must expand the treatment plant and disposal facilities in order to complete the balance of the development. According to the District's Engineer, the expansion of the District's treatment and disposal facilities may take approximately 6 months to complete. In the event that expansion of the District's wastewater treatment and disposal system facilities is not completed when required to serve additional connections, the Board of Directors of the District may adopt an order imposing a moratorium on new service connections, or could contract with the Developer for funding "pump and haul" collection and disposal of the excess wastewater until the expansion is completed. The District makes no representations as to whether the expansion will be completed by the Developer when required for service to new service connections, or whether a moratorium on new service connections may be implemented in the event an expansion is not completed when required.

100-Year Flood Plain and Storm Drainage Information: 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 District's Engineer, approximately 44 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map. See "INVESTMENT CONSIDERATIONS—Atlas 14."

#### **Future Debt**

The Developer has financed the engineering and construction costs of underground utilities to serve the District, as well as certain other District improvements. After reimbursement from the proceeds of the Bonds, the Developer will have expended approximately \$16,021,568 (as of September 1, 2025) for design, construction and acquisition of District improvements not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission. According to the Engineer, the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements. See "INVESTMENT CONSIDERATIONS – Future Debt."

#### **Water and Wastewater Operations**

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ending September 30, 2021 through September 30, 2024, and an unaudited summary for the eleven month period ended August 31, 2025, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information for the fiscal year ended September 30, 2024.

		Fiscal Year Ended September 30						
	10/1/2024 to <u>8/31/2025 (a)</u>		2023	2022	2021			
Revenues								
Property Taxes	\$ 1,195,889	\$ 756,054	\$ 724,399	\$ 371,864	\$ 170,815			
Sewer Fees	482,506	419,826	314,736	311,500	180,531			
Drainage Fees	35,100	35,400	21,000	10,200	54,300			
Tap, Connection and Inspection Fees	133,652	130,275	74,795	39,119	191,500			
Penalty and Interest	7,266	9,215	3,366	4,336	1,358			
Trans fer In	-	-	109,643	12,000	-			
Developer Advances	-	-	-	40,500	247,626 (b)			
Insurance Proceeds	-	-	54,500	-	-			
Invesment and Miscellaneous Revenues	84,742	57,694	27,993	2,238	70			
Total Revenues	\$ 1,939,155	\$ 1,408,464	\$ 1,330,432	\$ 791,757	\$ 846,200			
Expenditures								
Professional Fees	\$ 284,832	\$ 103,425	\$ 96,259	\$ 92,653	\$ 132,801			
Contracted Services	59,608	190,631	136,752	119,668	96,650			
Utilities	746	1,597	1,444	361	-			
Repairs and Maintenance	180,587	165,072	212,470	168,655	121,471			
Other	92,283	86,338	82,089	61,253	229,880 (b)			
Capital Outlay	20,776	50,762	190,598	101,142	-			
Lease Payments	121,400	134,400	134,400	134,400	-			
Bond Issuance Costs	-	-	-	105,443	16,200			
Total Expenditures	\$ 760,232	\$ 732,225	\$ 854,012	\$ 783,575	\$ 597,002			
Revenues Over (Under) Expenditures	\$ 1,178,923	\$ 676,239	\$ 476,420	\$ 8,182	\$ 249,198			
Fund Balance								
Beginning of Year	\$ 1,381,400	\$ 705,161	\$ 228,741	\$ 220,559	\$ (28,639)			
End of Year	\$ 2,560,323	\$ 1,381,400	\$ 705,161	\$ 228,741	\$ 220,559			

<sup>(</sup>a) Unaudited. Provided by the District's bookkeeper.

<sup>(</sup>b) Developer Advances in fiscal year 2021 were used to fund the expenses associated with the WTCPUA lawsuit, which was settled on December 17, 2020. See "THE SYSTEM—Water, Sanitary Sewer and Drainage Facilities."

#### FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Taxable Assessed Valuation	\$382,915,276	(a)
Gross Direct Debt Outstanding	\$45,295,000 <u>9,400,655</u> \$54,695,655	(b) (c)
Ratio of Gross Direct Debt to: 2025 Taxable Assessed Valuation Ratio of Gross Direct Debt and Estimated Overlapping Debt to: 2025 Taxable Assessed Valuation	11.83% 14.28%	
Funds Available for Debt Service as of September 17, 2025:  Debt Service Funds  Capitalized Interest from Proceeds of the Bonds (Twelve (12) Months)  Total Funds Available for Debt Service	\$2,165,794 <u>169,713</u> \$2,335,507	(d) (d)(e)
Funds Available for Operating Funds as of September 17, 2025	\$2,506,554	
Funds Available for Capital Projects as of September 17, 2025: Water, Sanitary Sewer and Drainage Capital Projects Funds	\$767,608 <u>222,350</u> \$989,958	

<sup>(</sup>a) The 2025 Taxable Assessed Valuation shown herein includes \$343,409,915 of certified value and \$39,505,361 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 Appraisal District. See "TAX PROCEDURES."

#### **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.

#### **Outstanding Debt**

The District has previously issued \$33,915,000 principal amount of unlimited tax bonds in three series for the purpose of purchasing and constructing water, sanitary sewer and storm drainage facilities and \$8,770,000 of unlimited tax road bonds in three series, of which \$41,565,000 principal amount is outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the Outstanding Bonds and the currently outstanding principal amount of the Outstanding Bonds.

		Original	O	utstanding
		Principal		Principal
Series		 Amount		Amount
2020	(a)	\$ 3,000,000	\$	2,645,000
2021	(a)	3,000,000		2,760,000
2022A		4,800,000		2,640,000
2022B		5,265,000		5,030,000
2022C	(a)	2,770,000		4,640,000
2025		 23,850,000		23,850,000
Total		\$ 42,685,000	\$	41,565,000

<sup>(</sup>a) Unlimited tax road bonds.

<sup>(</sup>b) Includes the Bonds and the Outstanding Bonds. See "—Outstanding Debt" herein and "THE BONDS—Issuance of Additional Debt."

<sup>(</sup>c) See "—Estimated Overlapping Debt" herein.

<sup>(</sup>d) See "—Debt Service Requirements" herein.

<sup>(</sup>e) The District will capitalize twelve (12) months of interest from Bond proceeds to pay debt service on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

#### **Debt Service Requirements**

The following sets forth the debt service on the Outstanding Bonds and the Bonds. The schedule below does not reflect the fact that twelve (12) months of interest was capitalized from the Series 2025 Bonds in May 2025 and twelve (12) months of interest will be capitalized from Bond proceeds to pay debt service on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Total Debt Service	I		onds	Service on the E	Deht !	Phie		Outstanding Bonds Debt Service		
Requirements		Total		incipal Interest						
3,196,287.5	\$	135,770.00	\$	135,770.00	\$	_	\$	3,060,517.50	6 \$	2026
3,304,115.0		249,712.50		169,712.50		80,000		3,054,402.50		2027
3,289,452.5		249,512.50		164,512.50		85,000		3,039,940.00		2028
3,282,815.0		248,987.50		158,987.50		90,000		3,033,827.50	9	2029
3,277,552.5		248,137.50		153,137.50		95,000		3,029,415.00	0	2030
3,273,302.5		246,962.50		146,962.50		100,000		3,026,340.00	1	2031
3,260,581.2		246,212.50		141,212.50		105,000		3,014,368.75	2	2032
3,248,393.7		245,962.50		135,962.50		110,000		3,002,431.25	3	2033
3,237,762.5		246,562.50		131,562.50		115,000		2,991,200.00	4	2034
3,227,687.5		246,962.50		126,962.50		120,000		2,980,725.00	5	2035
3,237,907.5		252,162.50		122,162.50		130,000		2,985,745.00	6	2036
3,238,435.0		251,962.50		116,962.50		135,000		2,986,472.50	7	2037
3,260,262.5		251,562.50		111,562.50		140,000		3,008,700.00	8	2038
3,266,325.0		255,962.50		105,962.50		150,000		3,010,362.50	9	2039
3,277,518.7		259,962.50		99,962.50		160,000		3,017,556.25	0	2040
3,283,581.2		258,362.50		93,362.50		165,000		3,025,218.75	1	2041
3,289,216.2		261,350.00		86,350.00		175,000		3,027,866.25	2	2042
3,313,292.5		263,912.50		78,912.50		185,000		3,049,380.00	3	2043
3,315,935.0		266,050.00		71,050.00		195,000		3,049,885.00	4	2044
3,317,650.0		267,518.75		62,518.75		205,000		3,050,131.25	5	2045
3,148,368.7		268,550.00		53,550.00		215,000		2,879,818.75	6	2046
2,958,175.0		268,875.00		43,875.00		225,000		2,689,300.00	7	2047
2,012,250.0		268,750.00		33,750.00		235,000		1,743,500.00	8	2048
2,026,675.0		273,175.00		23,175.00		250,000		1,753,500.00	9	2049
276,925.0		276,925.00		11,925.00		265,000		<u>-</u>	0	2050
75,820,467.5	\$	6,309,863.75	\$	2,579,863.75	\$	3,730,000	\$	69,510,603.75	al \$	Total

#### **Estimated Overlapping Debt**

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

	Outstanding Overlapp					
Taxing Jurisdiction		Bonds	As of	Percent	Amount	
Travis County	\$	1,169,850,000	8/31/2025	0.09%	\$	1,052,865
Lake Travis Independent School District		522,165,000	8/31/2025	1.57%		8,197,991
Travis County Healthcare District		157,670,000	8/31/2025	0.09%		141,903
Travis County Emergency Services District No. 6		705,000	8/31/2025	1.12%	_	7,896
Total Estimated Overlapping Debt.  The District's Total Direct Debt (a)						
Total Direct and Estimated Overlapping Debt			• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •	Э	54,695,655
Direct and Estimated Overlapping Debt as a Percenta 2025 Taxable Assessed Valuation of \$382,915,2	age ( 76	of: 			1	14.28%

<sup>(</sup>a) Includes the Bonds and the Outstanding Bonds.

#### **Overlapping Taxes**

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

Set forth below are all of the taxes levied for the 2025 tax year by all taxing jurisdictions and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate		
	Per \$100 Taxable		
	Assessed Valuation		
Travis County	\$ 0.375845		
Lake Travis Independent School District	1.039700		
Travis County Healthcare District	0.118023		
Travis County Emergency Services District No. 6	0.090399		
Total Overlapping Tax Rate	\$ 1.623967		
The District (a)	0.850000		
Total Tax Rate	\$ 2.473967		

<sup>(</sup>a) See "TAX DATA—Historical Tax Rate Distribution."

#### TAX DATA

#### **Debt Service Tax**

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, 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 \$0.76 per \$100 assessed valuation. See "—Historical Tax Rate Distribution" below, "—Tax Roll Information" herein, "TAX PROCEDURES" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

#### **Maintenance and Operations Tax**

The Board 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. On May 7, 2016, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.00 per \$100 of assessed valuation. For the 2025 tax year, the Board levied a maintenance tax in the amount of \$0.09 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. See "—Debt Service Tax" above.

#### **Tax Rate Limitations**

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

Maintenance and Operations: \$1.00 per \$100 assessed valuation.

#### **Historical Tax Rate Distribution**

	 2025	2	2024	 2023	2	2022	 2021
Debt Service	\$ 0.76	\$	0.45	\$ 0.55	\$	0.47	\$ 0.27
Maintenance and Operations	0.09		0.40	 0.30		0.38	 0.58
Total	\$ 0.85	\$	0.85	\$ 0.85	\$	0.85	\$ 0.85

#### **Exemptions**

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not offer a general residential homestead exemption from taxation but does grant a \$10,000 homestead exemption for individuals disabled and/or 65 years of age or older.

#### **Additional Penalties**

The District has contracted with Travis County to collect delinquent taxes. Travis County has contracted with a delinquent tax attorney to collect certain 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."

#### **Tax Roll Information**

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAX PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2020 through 2025 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. An accurate breakdown related to the uncertified portion (\$39,505,361) of the 2025 Taxable Assessed Valuation of \$382,915,276 is not available from the Appraisal District as of the date hereof.

		Type of Property		Gross	Deferments		Net
Tax Roll			Personal	Assessed	and	Uncertified	Assessed
Year	Land	Improvements	Property	Valuations	Exemptions	Value	Valuations
2021	\$ 32,156,700	\$ 44,420,462	\$ 469,924	\$ 77,047,086	\$(12,786,830)	\$ -	\$ 64,260,256
2022	48,915,032	180,345,075	292,074	229,552,181	(38,256,447)	-	191,295,734
2023	98,999,979	193,671,742	330,973	293,002,694	(42,207,297)	-	250,795,397
2024	116,837,136	202,333,252	307,429	319,477,817	(17,266,865)	-	302,210,952
2025	141,930,046	242,247,274	325,207	384,502,527	(41,092,612)	39,505,361	382,915,276

#### **Historical Tax Collections**

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Taxes are due when billed 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. Reference is made to such statements and records for further and complete information. See "—Tax Roll Information" herein.

Tax	Taxable Assessed	Tax	Total	Collections July 31, 20	
Year	Valuation (a)	Rate	TaxLevy	Amount	Percent
2021	\$ 64,260,256	\$0.850	\$ 546,212	\$ 546,212	100.00%
2022	191,295,734	0.850	1,626,014	1,626,014	100.00%
2023	250,795,397	0.850	2,131,761	2,131,761	100.00%
2024	302,210,952	0.850	2,568,793	2,556,586	99.52%
2025	382,915,276	0.850	3,254,780	(c)	(c)

Certified by the Appraisal District. See "—Tax Roll Information" herein for exemptions granted by the District.

#### **Principal Taxpayers**

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the 2025 Certified Taxable Assessed Valuation of \$343,409,915. This represents ownership as of January 1, 2025. An accurate principal taxpayer list related to the uncertified portion (\$39,505,361) of the 2025 Taxable Assessed Valuation of \$382,915,276 is not available as of the date hereof.

		% of
	2025 Certified	2025 Certified
	Taxable Assessed	Taxable Assessed
Taxpayer	Valuation	Valuation
Ashton Austin Residential LLC (a)	\$ 11,036,789	3.21%
Westin Homes & Properties LP (a)	10,187,866	2.97%
Drees Custom Homes LP (a)	7,183,088	2.09%
Newmark Homes Austin LLC (a)	3,208,398	0.93%
Masonwood HP II LLC (b)	2,236,186	0.65%
Weekley Homes LLC (a)	1,478,382	0.43%
Individual	1,189,096	0.35%
Individual	1,181,039	0.34%
Individual	1,173,930	0.34%
Individual	1,173,707	0.34%
	\$ 40,048,481	11.66%

Homebuilder. See "THE DEVELOPER—Homebuilding." The Developer. See "THE DEVELOPER."

In process of collections. Taxes for 2025 are due by January 31, 2026.

<sup>(</sup>a) (b)

#### Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2025 Taxable Assessed Valuation of \$382,915,276 (\$343,409,915 of certified value plus \$39,505,361 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates" and "—Future Debt."

Average Annual Debt Service Requirement (2026-2050)	\$3,032,819 \$3,055,664
Maximum Annual Debt Service Requirement (2045)	

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, 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 "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

#### **Property Tax Code**

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 Appraisal District has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis 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. For tax year 2025, the District granted a \$10,000 homestead exemption for individuals disabled and/or 65 years of age or older. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District so 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 forced who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption up to the same amount may be transferred to a subsequent residence homestead 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 up to the same amount may be transferred to a subsequent 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."

<u>Residential Homestead Exemptions</u>: 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. See "TAX DATA."

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

#### **Tax Abatement**

Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Travis County and the District, under certain circumstances, 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 appraised valuation of property covered by the agreement over its appraised 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 agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, Travis County has not designated land within the District as a reinvestment zone.

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

#### **District and Taxpayer Remedies**

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

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

#### **Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of

one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing 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 equal 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 tax payer 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 Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

#### Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are 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.

<u>Developed Districts</u>: 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, are 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.

<u>Developing Districts</u>: 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.

<u>The District</u>: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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. For tax year 2025, the District is classified as a "Developing District."

#### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described in the preceding section 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 amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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 "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

#### INVESTMENT CONSIDERATIONS

#### General

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

#### **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 Developer 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 region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "—Credit Market and Liquidity in the Financial Markets" herein), 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.

#### **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 Developer 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 Developer or homebuilders.

#### **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, 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 20 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 the national financial and credit markets. A downturn in the economic conditions of Austin and the nation could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

#### **Competition**

The demand for and construction of single-family homes in the District, which is approximately 20 miles from downtown Austin, could be affected by competition from other residential developments located in the Travis County area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

#### **Developer/Landowners Under No Obligation to the District**

There are no commitments from or obligations of the Developer 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 is also dependent upon the Developer and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. The District can make no predictions as to the effects that inflation, interest rates, a depressed economy, environmental or other government regulations, or other factors, whether economic, governmental, or otherwise, may have on the plans of the Developer. 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.

#### **Possible 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 \$382,915,276 (\$343,409,915 certified plus \$39,505,361 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be \$3,317,650 (2045), and the average annual debt service requirement will be \$3,032,819 (2026-2050, 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 \$0.92 and \$0.84 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion (\$39,505,361) of the 2025 Taxable Assessed Valuation will be the amounts finally certified by the Appraisal District and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

#### **Undeveloped Acreage and Vacant Lots**

There are approximately 209 developable acres that have not been provided with water distribution, wastewater collection, and storm drainage facilities and 180 developed lots that remain vacant as of June 30, 2025. The District makes no representation as to when or if the undeveloped land will be developed or if construction of homes on vacant lots will occur. See "THE DISTRICT—Status of Development."

#### **Tax Collections Limitations and Foreclosure Remedies**

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

#### Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

#### **Future Debt**

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of \$102,000,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sanitary sewer and storm drainage facilities, \$12,500,000 principal amount of unlimited tax bonds for the purpose of constructing roads and related improvements, and \$7,250,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing parks and recreational facilities has been authorized by voters in the District. After the issuance of the Bonds, the District will have \$68,085,000 principal amount of unlimited tax bonds for water, sanitary sewer and storm drainage facilities, no unlimited tax bonds for roads and related improvements, and all the unlimited tax bonds authorized for parks and recreational facilities authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, the Developer has advanced certain funds for construction of water, sanitary sewer and storm drainage facilities, parks and roads for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the District will continue to owe the Developer approximately \$16,021,568 for such facilities. If additional bonds are issued in the future and property values have not increased proportionally, such issuance may increase gross debt/property valuation ratios and therefore adversely affect the investment quality or security of the Bonds. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue; however, the principal amount of bonds issued to finance parks may not exceed one percent (1%) of the District's certified value, 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 greater than three percent (3%) of the value of the taxable property in the District. The issuance of additional bonds for water, sanitary sewer, and drainage facilities and parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds; however, the issuance of bonds for roads is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

#### Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rate.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

#### **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 supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring remedial action to prevent or mitigate pollution;
- 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.

<u>Air Quality Issues</u>: 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.

<u>Water Supply & Discharge Issues</u>: 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 Polyflouroalkyl 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.

#### **Marketability of the Bonds**

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

#### **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**

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

#### **Drought Conditions**

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

#### Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See "THE SYSTEM—Flood Protection and Drainage."

#### **Continuing Compliance with Certain Covenants**

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

#### **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. On June 23, 2025, the Governor called the First Special Session to begin on July 21, 2025. On August 15, 2025, the Governor called the Second Special Session to begin, which concluded on September 3, 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 Initial Purchaser 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.

#### LEGAL MATTERS

#### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of McLean & Howard, L.L.P., Bond Counsel ("Bond Counsel"), to a like effect and the opinion of McCall, Parkhurst & Horton L.L.P., Special Tax Counsel ("Special Tax Counsel"), to the matters set forth in "TAX MATTERS." Bond Counsel will not be responsible in any manner for matters addressed in the opinion of Special Tax Counsel and, likewise, Special Tax Counsel will not be responsible in any manner for the matters addressed in the opinion of Bond Counsel. Moreover, Bond Counsel and Special Tax Counsel have no joint responsibility with respect to the Bonds or the proceedings relating to the Bonds. Bond Counsel will be solely responsible for such proceedings and Special Tax Counsel will be solely responsible for its opinion.

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 that 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 OF THE DISTRICT—District Consultants—Bond Counsel" "TAX PROCEDURES," "LEGAL MATTERS—Legal Proceedings (insofar as such section relates to the legal opinion of Bond Counsel)" and "CONTINUING DISCLOSURE OF INFORMATION" 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.

In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information appearing in this OFFICIAL STATEMENT under the captions "MANAGEMENT OF THE DISTRICT—District Consultants—Special Tax Counsel," "LEGAL MATTERS—Legal Proceedings" (insofar as such section relates to the legal opinion of Special Tax Counsel), and "TAX MATTERS" solely to determine whether such information fairly summarizes the law referred to therein. Special Tax Counsel has not independently verified factual information contained in this OFFICIAL STATEMENT and has not 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 such firm'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 of the other information contained herein.

The legal fees paid to Bond Counsel and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

#### No Material Adverse Change

The obligations of the Initial Purchaser 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 have been supplemented or amended through the date of sale.

#### **No-Litigation Certificate**

The District will furnish the Initial Purchaser 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**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Special Tax Counsel, 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, Special Tax 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, Special Tax Counsel will rely upon (a) the opinion of McLean & Howard, L.L.P., Bond Counsel, that the Bonds are valid and binding obligations of the District payable from proceeds of a generally applicable ad valorem tax, (b) the District's federal tax certificate, and (c) covenants of the District relating to, including arbitrage and the use of the Bonds and the property financed or refinanced therewith. 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 Special Tax Counsel is conditioned on compliance by the District with the covenants and the requirements, and Special Tax Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Special Tax Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax 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. Special Tax 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 Special Tax 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 disuse 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 or 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 accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds 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 in 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 IRS. 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.

#### **Not Qualified Tax-Exempt Obligations**

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

#### SALE AND DISTRIBUTION OF THE BONDS

#### Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.0037% of the par value thereof, which resulted in a net effective interest rate of 4.595648%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

#### **Prices and Marketability**

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

The District has no 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.

#### **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 and the Bonds have not 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"). Moody's Investors Service Inc. ("Moody's") has assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings 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" or the "Insurer") 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: www.buildamerica.com.

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

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

#### Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of 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 Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District 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.

<u>Tax Assessor/Collector</u>: 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 the Travis County Tax Office, and is included herein in reliance upon its authority as an expert in assessing and collecting taxes.

<u>Appraisal District</u>: The information contained in this OFFICIAL STATEMENT relating to the assessed valuations has been provided 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, including the District.

<u>Engineer</u>: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM" and "THE SYSTEM" has been provided by Moody Engineering Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

<u>Auditor</u>: The District's financial statements for the fiscal year ending September 30, 2024, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A."

<u>Bookkeeper</u>: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—Water and Wastewater Operations" has been provided by Municipal Accounts & Consulting, L.P. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

#### **Updating the Official Statement**

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to the Initial Purchaser to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser 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 in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the Board has relied in part upon its examination of records of the District, and upon 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 Resolution, the District has 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 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 updated financial information and operating data annually to the MSRB, or any successor, through EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt," "TAX DATA," and "APPENDIX A" (Financial Statement of the District and Certain Supplemental Schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 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 events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under "Annual Reports."

#### **Availability of Information from the MSRB**

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an 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; nor has the District 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 to 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 Registered Owners 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 Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser 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**

The District became obligated in accordance with SEC Rule 15c2-12 in fiscal year 2020 and has complied in all material respects with its continuing disclosure agreements entered into.

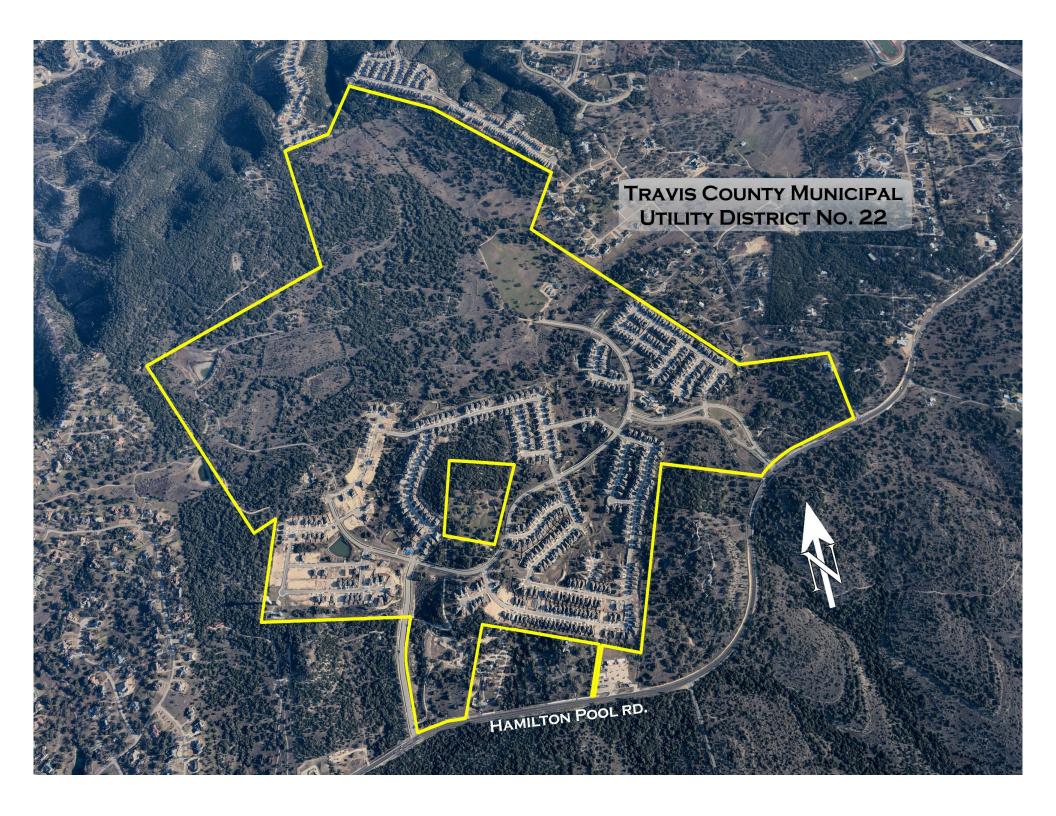
#### **MISCELLANEOUS**

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Travis County Municipal Utility District No. 22, as of the date shown on the cover page.

	/s/ Nate Gilbert
	President, Board of Directors
ATTEST:	
/s/ Chris Madden	
Secretary, Board of Directors	

### AERIAL PHOTOGRAPH (As of March 2025)



## PHOTOGRAPHS OF THE DISTRICT (As of March 2025)

























### APPENDIX A

Audited Financial Statements for the fiscal year ended September 30, 2024

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22

TRAVIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

**SEPTEMBER 30, 2024** 

Certified Public Accountants

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## ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OFTRAVIS}
I, Name of Duly Authorized District Representative) of the
Travis County Municipal Utility District No. 22 (Name of District)
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 the7th day ofJanuary,2025, its annual audit report for the fiscal year endedSeptember 30, 2024 and that copies of the annual audit report have been filed in the district office, located at
4301 Westbank Dr., Suite B-130, Austin, Texas 78746
(Address of District)
This annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.  Date:
Sworn to and subscribed to before me this the
My Commission Expires On: 03 ° 03 ° 2027  Notary Public in the State of Texas.
Form TCEQ - 0723 (Rev. 07/2012)  JOHN J CARLTON MY COMMISSION EXPIRES 03/03/2027 NOTARY ID: 375907-0

## McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund Noel W. Barfoot Joseph Ellis Ashlee Martin Mike M. McCall (retired) Debbie Gibson (retired)

#### INDEPENDENT AUDITOR'S REPORT

Board of Directors Travis County Municipal Utility District No. 22 Travis County, Texas

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 22 (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.

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

#### **Basis for Opinions**

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

#### **Required Supplementary Information**

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

Board of Directors Travis County Municipal Utility District No. 22

#### **Supplementary Information**

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

### McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC Certified Public Accountants Houston, Texas

January 7, 2025

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

Management's discussion and analysis of Travis County Municipal Utility District No. 22's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

#### USING THIS ANNUAL REPORT

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

#### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

#### **FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### FUND FINANCIAL STATEMENTS (Continued)

resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

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

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

#### NOTES TO THE FINANCIAL STATEMENTS

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

#### OTHER INFORMATION

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

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$4,372,738 as of September 30, 2024. A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities, road improvements and park and recreational improvements less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented on the following page:

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS** (Continued)

Summary of Changes in the Statement of Net Position Change Positive 2024 2023 (Negative) \$ Current and Other Assets 3,149,610 2,246,709 \$ 902,901 Right-of-Use Asset (Net of Accumulated Amortization) 9,825 \$ 127,718 (117,893)Capital Assets (Net of Accumulated Depreciation) 6,009,064 30,074,813 24,065,749 **Total Assets** 33,234,248 6,794,072 26,440,176 Due to Developer 19,132,816 \$ 12,595,847 (6,536,969)Lease Payable 11,201 \$ 127,496 138,697 **Bonds Payable** 18,219,679 18,620,933 401,254 Other Liabilities 243,290 (47,376)195,914 Total Liabilities 37,606,986 31,551,391 (6,055,595)Net Position: Net Investment in Capital Assets (6,710,520)(6,607,608)(102,912)Restricted 1,202,289 1,033,828 168,461 Unrestricted 1,135,493 462,565 672,928 Total Net Position (4,372,738)738,477 (5,111,215)

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

	Summary of Changes in the Statement of Activities					
	2024		2023		Change Positive (Negative)	
Revenues:						
Property Taxes	\$	2,133,230	\$	1,630,148	\$	503,082
Charges for Services		600,397		415,243		185,154
Other Revenues		178,039		186,898		(8,859)
Total Revenues	\$	2,911,666	\$	2,232,289	\$	679,377
Expenses for:						
Services	\$	1,245,623	\$	1,372,108	\$	126,485
Developer Interest		-		1,479,174		1,479,174
Debt Service		927,566		1,871,061		943,495
Total Expenses	\$	2,173,189	\$	4,722,343	\$	2,549,154
Change in Net Position	\$	738,477	\$	(2,490,054)	\$	3,228,531
Net Position, Beginning of Year		(5,111,215)		(2,621,161)		(2,490,054)
Net Position, End of Year	\$	(4,372,738)	\$	(5,111,215)	\$	738,477

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of September 30, 2024, were \$2,975,926, an increase of \$858,774 from the prior year.

The General Fund fund balance increased by \$676,239, primarily due to operating revenues and property tax revenues exceeding operating, capital outlay and lease related expenditures.

The Debt Service Fund fund balance increased by \$168,399, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by \$14,136, primarily due to investment revenues.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were \$293,369 more than budgeted revenues, primarily due to higher than expected property tax revenue, sewer fees, tap connection and inspection fees and investment revenues. Actual expenditures were \$167,575 less than budgeted expenditures primarily due to lower than expected capital outlay, pump and haul, inspection and repair and maintenance costs offset by higher than expected contracted services.

#### **CAPITAL ASSETS**

Capital assets as of September 30, 2024, totaled \$30,074,813 (net of accumulated depreciation) and include land, construction in progress, water, wastewater and drainage facilities, road improvements and park and recreational improvements.

Capital Assets At Year-End, Net of Accumulated Depreciation

						Change Positive
	2024			2023		Negative)
Capital Assets Not Being Depreciated -						
Land	\$	945,479	\$	945,479	\$	
Construction in Progress		103,000		63,000		40,000
Capital Assets, Net of Accumulated						
Depreciation:						
Water, Wastewater and Drainage						
Facilities		21,624,136		17,146,630		4,477,506
Road Improvements		7,353,479		5,860,858		1,492,621
Park and Recreational Improvements		48,719		49,782		(1,063)
Total Net Capital Assets	\$	30,074,813	\$	24,065,749	\$	6,009,064

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### LONG-TERM DEBT ACTIVITY

As of September 30, 2024, the District had total long-term debt payable of \$18,190,000. The changes in the debt position of the District during the fiscal year ended September 30, 2024, are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ 18,590,000
Less: Bond Principal Paid	 400,000
Bond Debt Payable, September 30, 2024	\$ 18,190,000

All of the District's bonds are unrated.

#### RIGHT-TO-USE ASSET AND LEASE PAYABLE

The District has a lease agreement for a wastewater treatment plant. In accordance with GASB Statement No. 87, the District has recorded its leased wastewater treatment plant as a right-of-use asset and has also recorded a lease payable, both in the government-wide financial statements. See Note 10 for further disclosure.

#### **CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

The adopted budget for fiscal year 2025 projects an increase of \$915,548 in the General Fund fund balance. Revenues and expenditures are expected to be \$1,771,508 and \$855,960, respectively. The District approved a tax rate for tax year 2024 (fiscal year 2025) of \$0.85 with 47% allocated to fund operations and maintenance and 53% allocated to fund debt service.

#### CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Travis County Municipal Utility District No. 22, c/o The Carlton Law Firm, PLLC, 4301 Westbank Drive, Suite B-130, Austin, Texas 78746.

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22

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

	Ge	eneral Fund	Se	Debt ervice Fund
ASSETS				
Cash	\$	312,763	\$	
Investments		1,167,971		1,277,637
Receivables:		2.504		2.005
Property Taxes		2,504		3,005
Service Accounts (Net of Allowance for		42 402		
Doubtful Accounts of \$-0-) Due from Other Funds		43,403 3,238		
Prepaid Costs		9,000		
Right-of-Use Asset (Net of Accumulated		9,000		
Amortization)				
Capital Assets (Net of Accumulated				
Depreciation):				
Construction in Progress				
Land				
Water, Wastewater and Drainage Facilities				
Road Improvements				
Park and Recreational Improvements				
TOTAL ASSETS	\$	1,552,079	\$	1,280,642
	·			
LIABILITIES	_			
Accounts Payable	\$	120,415	\$	
Accrued Interest Payable				
Due to Developers Due to Other Funds				3,238
Security Deposits		47,760		3,236
Long-Term Liabilities:		47,700		
Lease Payable, Due Within One Year				
Bonds Payable, Due Within One Year				
Bonds Payable, Due After One Year				
TOTAL LIABILITIES	\$	168,175	\$	3,238
DECEMBED INICI ONIC OF				
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	\$	2,504	\$	3,005
Troperty Taxes	Ψ	2,304	Ψ	3,003
FUND BALANCES				
Nonspendable -				
Prepaid Costs	\$	9,000	\$	
Restricted for Authorized Construction				
Restricted for Debt Service				1,274,399
Unassigned		1,372,400		
TOTAL FUND BALANCES	\$	1,381,400	\$	1,274,399
TOTAL LIABILITIES, DEFERRED				
INFLOWS OF RESOURCES AND				
FUND BALANCES	\$	1,552,079	\$	1,280,642
	Ψ	1,002,017	Ψ	1,200,072

#### NET POSITION

Net Investment in Capital Assets Restricted for Debt Service Unrestricted

#### TOTAL NET POSITION

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

	Capital jects Fund	Total	Adjustments	Statement of Net Position
\$	1 320,126	\$ 312,76 2,765,73		\$ 312,764 2,765,734
		5,50	)9	5,509
		43,40 3,20		43,403
		9,00		9,000
			9,825	9,825
			103,000 945,479	103,000 945,479
			21,624,136	21,624,136
			7,353,479	7,353,479
<u>c</u>	220 127	¢ 2 152 9.	48,719 \$ 30,081,400	\$ 33,234,248
\$	320,127	\$ 3,152,84	<u>\$ 30,081,400</u>	\$ 33,234,248
\$		\$ 120,4		\$ 120,415
			75,115 19,132,816	75,115 19,132,816
		3,23		19,132,010
		47,70		47,760
			11,201	11,201
			475,000	475,000
			17,744,679	17,744,679
\$	-0-	\$ 171,4	\$ 37,435,573	\$ 37,606,986
\$	-0-	\$ 5,50	99 \$ (5,509)	\$ -0-
\$	320,127	\$ 9,00 320,12 1,274,39 1,372,40	27 (320,127) 99 (1,274,399)	\$
\$	320,127	\$ 2,975,92	\$ (2,975,926)	\$ -0-
<u>\$</u>	320,127	\$ 3,152,84	<u>48</u>	
			\$ (6,710,520) 1,202,289 1,135,493	\$ (6,710,520) 1,202,289 1,135,493
			\$ (4,372,738)	\$ (4,372,738)

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

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and right-of-use asset used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.

Deferred tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.

5,509

\$

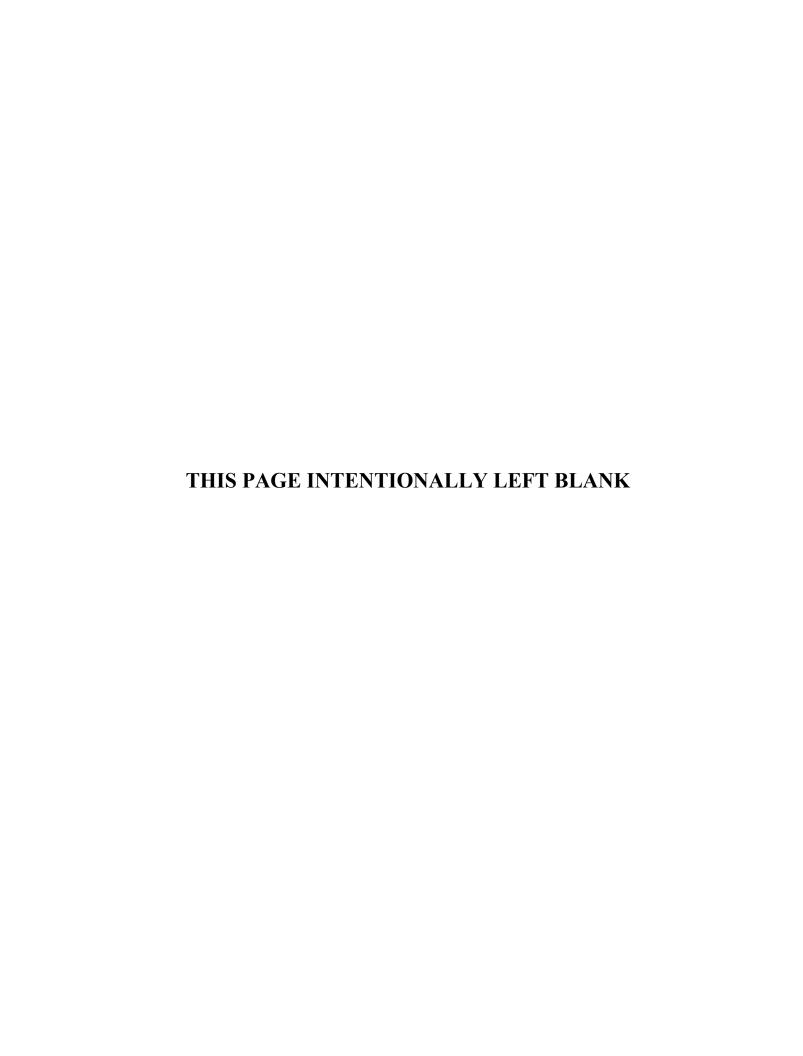
2,975,926

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. The liabilities at year end consisted of the following:

Total Fund Balances - Governmental Funds

Accrued Interest Payable Due to Developer	(75,115) (19,132,816)	
Lease Payable	(11,201)	
Bonds Payable, Due Within One Year	(475,000)	
Bonds Payable, Due After One Year	(17,744,679)	(37,438,811)

Total Net Position - Governmental Activities \$ (4,372,738)



# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED SEPTEMBER 30, 2024

			Debt	
	General Fund		Se	ervice Fund
REVENUES		_		
Property Taxes	\$	756,054	\$	1,382,065
Sewer Fees		419,826		
Drainage Fees		35,400		
Tap Connection and Inspection Fees		130,275		
Penalty and Interest		9,215		5,681
Investment Revenues		57,694		103,709
TOTAL REVENUES	\$	1,408,464	\$	1,491,455
EXPENDITURES/EXPENSES				
Service Operations:				
Professional Fees	\$	103,425	\$	
Contracted Services		190,631		2,000
Utilities		1,597		
Repairs and Maintenance		165,072		
Depreciation				
Amortization				
Other		86,338		
Capital Outlay		50,762		
Debt Service:				
Lease Principal		127,496		
Lease Interest		6,904		
Bond Principal				400,000
Bond Interest				921,056
Bond Issuance Costs				
TOTAL EXPENDITURES/EXPENSES	\$	732,225	\$	1,323,056
NET CHANGE IN FUND BALANCES	\$	676,239	\$	168,399
CHANGE IN NET POSITION				
FUND BALANCES/NET POSITION - OCTOBER 1, 2023		705,161		1,106,000
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2024	\$	1,381,400	\$	1,274,399

(	Capital					Statement of		
Pro	jects Fund		Total	Α	Adjustments		Activities	
\$	16,636	\$	2,138,119 419,826 35,400 130,275 14,896 178,039	\$	(4,889)	\$	2,133,230 419,826 35,400 130,275 14,896 178,039	
\$	16,636	\$	2,916,555	\$	(4,889)	\$	2,911,666	
Ψ	10,030	Ψ	2,710,333	Ψ	(4,002)	Ψ	2,711,000	
\$		\$	103,425 192,631 1,597 165,072 86,338 50,762 127,496 6,904	\$	578,667 117,893 (50,762) (127,496)	\$	103,425 192,631 1,597 165,072 578,667 117,893 86,338	
			400,000		(400,000)			
	2.500		921,056		(2,894)		918,162	
	2,500		2,500			-	2,500	
<u>\$</u> \$	2,500	\$	2,057,781	\$	115,408	\$	2,173,189	
\$	14,136	\$	858,774	\$	(858,774)	\$		
					738,477		738,477	
	305,991		2,117,152		(7,228,367)		(5,111,215)	
\$	320,127	\$	2,975,926	\$	(7,348,664)	\$	(4,372,738)	

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

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES SEPTEMBER 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ 858,774
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(4,889)
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets and right-of-use assets are depreciated/amortized and depreciation/amortization expense is recorded in the Statement of Activities.	(696,560)
Capital outlay is an expenditure in the governmental funds and is shown as either a reduction in the liability to the developers in the government-wide financial statements or as capital assets or intangible assets.	50,762
Governmental funds report lease principal payments as expenditures in the period paid. However, in the Statement of Net Position, lease liabilities are decreased by lease principal payments and the Statement of Activities is not affected.	127,496
Governmental funds report bond premium and discounts as other financing sources and uses in the year paid. However, in the Statement of Net Position, bond premium and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	1,254
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	400,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	1,640
Change in Net Position - Governmental Activities	\$ 738,477

#### NOTE 1. CREATION OF DISTRICT

Travis County Municipal Utility District No. 22 (the "District") was created, organized and established on October 28, 2015. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water and wastewater services, storm sewer drainage and to construct road improvements and parks and recreational facilities for the residents of the District. The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District held its first meeting on December 16, 2015, and the first bonds were sold on December 15, 2020.

#### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

#### **Financial Statement Presentation**

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

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

#### **NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### Financial Statement Presentation (Continued)

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

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

#### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental funds financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Amounts recorded due to and due from other funds, if any, are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

#### **NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Fund Financial Statements**

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

#### Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

<u>General Fund</u> - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

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

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

#### **Basis of Accounting**

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At September 30, 2024, the Debt Service Fund owed the General Fund \$3,238 for maintenance tax collections.

#### **NOTE 2. SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### Accounts Receivable

The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had no allowance for uncollectible accounts at September 30, 2024.

#### Capital Assets and Right-of-Use Asset

Capital assets, which include land, construction in progress and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives of water, wastewater and drainage facilities, road improvements and parks and recreational improvements are 50 years.

In accordance with GASB Statement No. 87, the District has recorded its leased wastewater treatment plant as a right-of-use asset (see Note 10). The right-of-use asset is being amortized over the remaining life of the lease using the straight-line method of amortization.

#### **Budgeting**

An unappropriated budget was adopted on September 27, 2023, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

#### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Pensions**

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

#### Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balance provides an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

*Unassigned*: all other spendable amounts in the General Fund.

#### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement Focus (Continued)

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

#### **Accounting Estimates**

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

#### NOTE 3. LONG-TERM DEBT

	Road Series 2020	Road Series 2021
Amount Outstanding – September 30, 2024	\$ 2,740,000	\$ 2,845,000
Interest Rates	2.10% - 3.30%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2045	September 1, 2025/2046
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2025*	September 1, 2026*

<sup>\*</sup> Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2020 term bonds maturing September 1, 2034, 2037, 2040 and 2045 are subject to mandatory redemption beginning September 1, 2032, 2035, 2038 and 2041, respectively, by lot or other customary random method. The Series 2021 term bonds maturing September 1, 2035, 2037, 2039, 2042 and 2046 are subject to mandatory redemption beginning September 1, 2034, 2036, 2038, 2040 and 2043, respectively, by lot or other customary random method.

#### **NOTE 3. LONG-TERM DEBT** (Continued)

	Series 2022A	Series 2022B	Road Series 2022C
Amount Outstanding – September 30, 2024	\$ 4,750,000	\$ 5,150,000	\$ 2,705,000
Interest Rates	4.375% - 6.00%	5.00% - 7.50%	6.00% - 8.50%
Maturity Dates - Serially Beginning/Ending	September 1, 2025/2047	September 1, 2025/2047	September 1, 2025/2047
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2027*	September 1, 2027*	September 1, 2027*

<sup>\*</sup> Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2022A term bonds maturing September 1, 2029, 2032, 2035, 2038, 2042 and 2047 are subject to mandatory redemption beginning September 1, 2028, 2030, 2033, 2036, 2039 and 2043, respectively, by lot or other customary random method. The Series 2022B term bonds maturing September 1, 2029, 2031, 2034, 2037, 2042 and 2047 are subject to mandatory redemption beginning September 1, 2028, 2030, 2032, 2035, 2038 and 2043, respectively, by lot or other customary random method. The Series 2022C term bonds maturing September 1, 2042 and 2047 are subject to mandatory redemption beginning September 1, 2028 and 2043, respectively, by lot or other customary random method.

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2024:

	 October 1, 2023	A	dditions	Re	tirements	Se	eptember 30, 2024
Bonds Payable Unamortized Discounts Unamortized Premiums	\$ 18,590,000 (53,098) 84,031	\$		\$	400,000 (2,257) 3,511	\$	18,190,000 (50,841) 80,520
Bonds Payable, Net	\$ 18,620,933	\$	-0-	\$	401,254	\$	18,219,679
		Amo	unt Due With unt Due Afte s Payable, N	er One Y		\$ <u>\$</u>	475,000 17,744,679 18,219,679

#### **NOTE 3. LONG-TERM DEBT** (Continued)

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

Fiscal Year	 Principal	Interest		Total
2025	\$ 475,000	\$	901,382	\$ 1,376,382
2026	490,000		878,348	1,368,348
2027	520,000		852,333	1,372,333
2028	540,000		824,658	1,364,658
2029	565,000		802,358	1,367,358
2030-2034	3,260,000		3,622,849	6,882,849
2035-2039	4,070,000		2,793,061	6,863,061
2040-2044	5,140,000		1,672,614	6,812,614
2045-2047	3,130,000		337,875	3,467,875
	\$ 18,190,000	\$	12,685,478	\$ 30,875,478

The District has authorized but unissued tax bonds totaling \$91,935,000 for utilities, \$7,250,000 for parks and recreation and \$3,730,000 for roads.

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

During the year ended September 30, 2024, the District levied an ad valorem debt service tax rate of \$0.55 per \$100 of assessed valuation, which resulted in a tax levy of \$1,381,440 on the adjusted taxable valuation of \$251,170,949 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 5 for maintenance tax levy.

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Collector bills and collects the District's property taxes. The Board of Directors set the tax rate for the 2023 tax year on September 27, 2023.

#### NOTE 4. DEPOSITS AND INVESTMENTS

#### **Deposits**

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$312,764 and the bank balance was \$330,834. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining was covered by pledged collateral held by a third party. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2024 as listed below:

	Cash		
GENERAL FUND	\$	312,763	
CAPITAL PROJECTS FUND		1	
TOTAL DEPOSITS	\$	312,764	

#### Investments

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

#### **NOTE 4. DEPOSITS AND INVESTMENTS** (Continued)

#### Investments (Continued)

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investment in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

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

Fund and		Maturities of Less Than
Investment Type	Fair Value	1 Year
GENERAL FUND	<b>.</b>	
TexPool	\$1,167,971	\$ 1,167,971
<u>DEBT SERVICE FUND</u> TexPool	1,277,637	1,277,637
CAPITAL PROJECTS FUND		
TexPool	320,126	320,126
TOTAL INVESTMENTS	\$2,765,734	\$ 2,765,734

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2024, the District's investment in TexPool was rated AAAm by Standard & Poor's Rating Agency.

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

#### **Restrictions**

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

#### NOTE 5. MAINTENANCE TAX

On May 7, 2016, the voters of the District approved the levy and collection of a maintenance tax for operations and maintenance of all District facilities not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$753,513 on the adjusted taxable valuation of \$251,170,949 for the 2023 tax year.

#### NOTE 6. CAPITAL ASSETS

Capital assets consisted of the following as of September 30, 2024:

	October 1, 2023	Increases	]	Decreases	Se	eptember 30, 2024
<b>Capital Assets Not Being Depreciated</b>						
Land	\$ 945,479	\$ -0-	\$	-0-	\$	945,479
Construction in Progress	 63,000	 40,000			_	103,000
Total Capital Assets Not Being Depreciated	\$ 1,008,479	\$ 40,000	\$	- 0 -	\$	1,048,479
Capital Assets Subject to Depreciation						
Water, Wastewater and Drainage Facilities	\$ 18,296,780	\$ 4,913,489	\$	-0-	\$	23,210,269
Road Improvements	6,299,784	1,634,242				7,934,026
Park and Recreational Improvements	 53,009	 			_	53,009
<b>Total Capital Assets</b>						
Subject to Depreciation	\$ 24,649,573	\$ 6,547,731	\$	-0-	\$	31,197,304
<b>Accumulated Depreciation</b>						
Water, Wastewater and Drainage Facilities	\$ (1,150,150)	\$ (435,983)	\$	-0-	\$	(1,586,133)
Road Improvements	(438,926)	(141,621)				(580,547)
Park and Recreational Improvements	 (3,227)	 (1,063)				(4,290)
<b>Total Accumulated Depreciation</b>	\$ (1,592,303)	\$ (578,667)	\$	-0-	\$	(2,170,970)
<b>Total Depreciable Capital Assets, Net of</b>						
<b>Accumulated Depreciation</b>	\$ 23,057,270	\$ 5,969,064	\$	-0-	\$	29,026,334
<b>Total Assets, Net of Accumulated</b>						
Depreciation	\$ 24,065,749	\$ 6,009,064	\$	-0-	\$	30,074,813

#### NOTE 7. UNREIMBURSED COSTS

The District has executed facilities and operating costs reimbursement agreements with the Developer. The agreements call for the Developer to fund costs associated with the construction of water, wastewater and drainage facilities, recreational facilities and road facilities. As of September 30, 2024, the District has recorded a liability of \$18,884,405 for completed facilities. Reimbursement is contingent on the future sale of bonds to the extent approved by the Commission. The agreements also call for the Developers to fund operating costs of the District. As of fiscal year end, the Developers have advanced a total of \$248,411 to cover operating deficits. The following activity occurred during fiscal year 2024 related to developer liabilities:

Due to Developers, October 1, 2023	\$ 12,595,847
Add: Additional Amounts Owed	6,536,969
Less: Amounts Paid	
Due to Developers, September 30, 2024	\$ 19,132,816

#### NOTE 8. WATER SERVICE AND FACILITIES LEASE AGREEMENT

On June 13, 2019, the District approved the Water Facilities Lease Agreement (the "Agreement") with the West Travis County Public Utility Agency (the "PUA"). Per the Agreement, the District leases the water facilities related to Phase I (the "Leased Property") to the PUA for the provision of retail water service to customers within Phase I. The term of the agreement will continue until all Tax-Exempt Bonds, as defined in the Agreement, issued by the District to finance the acquisition or construction of the Leased Property are completely retired. At that time, ownership of the Leased Property will be fully conveyed to the PUA by the District.

The PUA shall provide retail treated water service to customers within Phase I pursuant to the Agreement for the Provision of Nonstandard Retail Water Service dated March 19, 2015. The PUA's rate tariff is applicable to its retail water customers within the District. The PUA shall establish customer accounts and bill and collect all related fees. The PUA's compensation for retail treated water operation, maintenance and management services it provides pursuant to the Agreement shall be satisfied from, and equal to, the revenues collected by the PUA from customers within Phase I.

#### NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

#### NOTE 10. WASTEWATER TREATMENT PLANT LEASE

On July 18, 2018, the District entered into an equipment lease agreement for a 75,000 gallon per day pre-packaged sewage treatment plant. Right-of-use asset, current year amortization expense and accumulated amortization is summarized below:

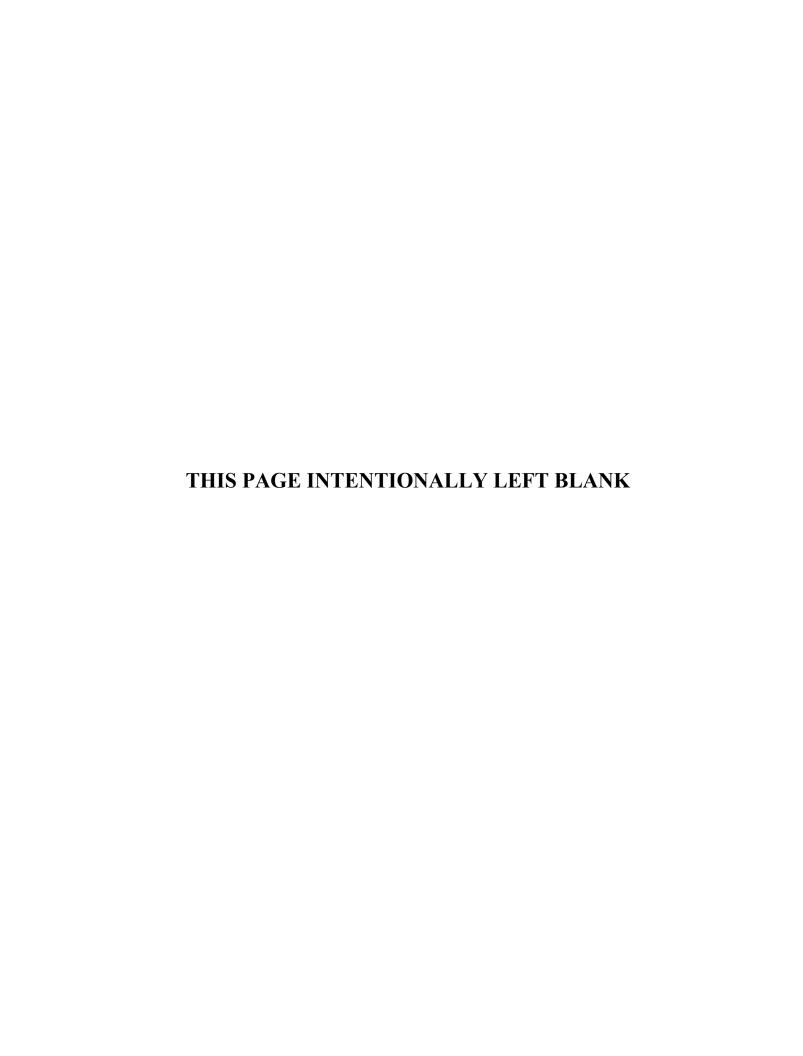
	October 1,			September 30,
	2023	Increases	Decreases	2024
Right-of-use Asset Subject				
to Amortization				
Wastewater Treatment Plant	\$ 363,504	\$ -0-	\$ -0-	\$ 363,504
<b>Less Accumulated Amortization</b>				
Wastewater Treatment Plant	\$ 235,786	\$ 117,893	\$ -0-	\$ 353,679
Right-of-use Asset, Net of				
<b>Accumulated Amortization</b>	\$ 127,718	<u>\$ (117,893)</u>	\$ -0-	\$ 9,825

The 60-month lease accrues interest at 8.5% annually with monthly payments of \$11,200. The term of the lease started on the first day of the month following substantial completion of the installation of the equipment, which was November 1, 2019. The lease automatically renews for successive ninety-day periods unless terminated by the District. The District has an option to purchase the equipment at any time by tendering payment of the residual value, as detailed in the agreement. During the year ended September 30, 2024, the District recognized lease principal expenditures of \$127,496 and lease interest expenditures of \$6,904 related to this agreement. Future lease payments are detailed in the following table:

Fiscal Year	Principal		Interest		Total		
2025	\$	11,201		\$	78	\$	11,279
Total	\$	11,201		\$	78	\$	11,279

The changes in lease liability during the current fiscal year are summarized as follows:

Lease Payable, October 1, 2023	\$ 138,697
Less: Lease Principal Paid	 127,496
Lease Payable, September 30, 2024	\$ 11,201

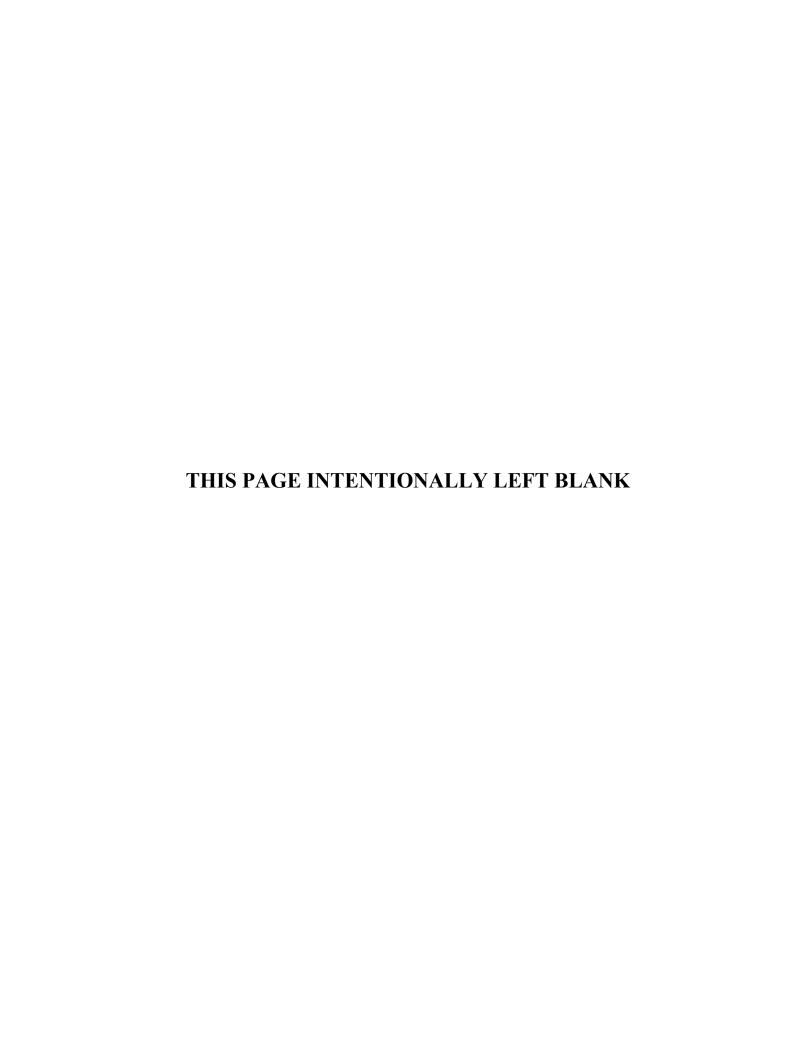


## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22

REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original and Final Budget Actual		Actual	Variance Positive (Negative)	
REVENUES					
Property Taxes	\$ 702,415	\$	756,054	\$	53,639
Sewer Fees	325,000		419,826		94,826
Drainage Fees	13,500		35,400		21,900
Tap Connection and Inspection Fees	51,150		130,275		79,125
Penalty and Interest	3,000		9,215		6,215
Investment Revenues	 20,030		57,694		37,664
TOTAL REVENUES	\$ 1,115,095	\$	1,408,464	\$	293,369
EXPENDITURES					
Service Operations:					
Professional Fees	\$ 107,000	\$	103,425	\$	3,575
Contracted Services	152,000		190,631		(38,631)
Utilities	2,000		1,597		403
Repairs and Maintenance	245,500		165,072		80,428
Other	128,900		86,338		42,562
Capital Outlay	130,000		50,762		79,238
Lease Principal and Interest	 134,400		134,400		
TOTAL EXPENDITURES	\$ 899,800	\$	732,225	\$	167,575
NET CHANGE IN FUND BALANCE	\$ 215,295	\$	676,239	\$	460,944
FUND BALANCE - OCTOBER 1, 2023	 705,161		705,161		
FUND BALANCE - SEPTEMBER 30, 2024	\$ 920,456	\$	1,381,400	\$	460,944



# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE SEPTEMBER 30, 2024

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 SERVICES AND RATES FOR THE YEAR ENDED SEPTEMBER 30, 2024

1. SERVIC	ES PROVIDE	D BY THE DI	STRICT I	DURING THE FIS	SCAL Y	YEAR:	
	Retail Water	<u></u>	Who	olesale Water	X	Drainage	
X	Retail Wastewa	ıter	Who	olesale Wastewater		Irrigation	
<u>X</u>	Parks/Recreation	<del></del>		Protection		Security	
	Solid Waste/Ga			od Control	X	Roads	
		oint venture, reginterconnect)	ional system	and/or wastewater s	ervice (d	other than	
	Other:						
a. RET			`	R EQUIVALENT)	:		
			Elat	Data man 1 000			
	Minimum	Minimum	Flat Rate	Rate per 1,000 Gallons over			
	Charge	Usage	Y/N	Minimum Use		Usage Level	s
						o suge zever	.5
WATER:	N/A*						
WASTEWATER:	\$85.00	-0-	Y	N/A		N/A	
SURCHARGE:	0.5%**						
District employs w	inter averaging f	or wastewater us	age?				X
2 134144 VIII.p10 J 5 W		or masternator as				Yes	No
Total monthly char	ges per 10,000 g	allons usage: Wa	ater: <u>N/A</u> V	Vastewater: \$ <u>85.00</u>	Surcharg	ge: \$ <u>0.43</u>	
* Water service is **Surcharge abov			•	Utility Agency. See	Note 8.		

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 SERVICES AND RATES FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### 2. **RETAIL SERVICE PROVIDERS** (Continued)

#### b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
<b>≤</b> ³⁄₄"			x 1.0	
			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A*	N/A*		<u>N/A*</u>
Total Wastewater Connections	510	454	x 1.0	454

### 3. TOTAL WATER CONSUMPTION DURING THE YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons purchased: N		N/A*	Water Accountability R (Gallons billed/Gallons					
Gallons billed to customers:		N/A*	N/A*					
4.	STANDBY FEES (authorized only under TWC Section 49.231):							
	Does the District have Debt Ser	vice standb	by fees?	Yes	No X			
	Does the District have Operatio	n and Mair	atenance standby fees?	Yes	No X			
*Water	service is provided by the West Travis	County Publi	c Utility Agency. See Note	8.				

See accompanying independent auditor's report.

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 SERVICES AND RATES FOR THE YEAR ENDED SEPTEMBER 30, 2024

LOCATION OF DISTRICT:									
Is the District located entirely within one county?									
	Yes	X	No _						
County in which District is located:									
	Travis County, Texas								
Is the I	Is the District located within a city?								
	Entirely		Partly		Not at all	<u>X</u>			
Is the District located within a city's extraterritorial jurisdiction (ETJ)?									
	Entirely		Partly		Not at all	<u>X</u>			
ETJ in which District is located:									
	N/A								
Are Board Members appointed by an office outside the District?									
	Yes		No	X					

5.

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 GENERAL FUND EXPENDITURES

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

PROFESSIONAL FEES:	
Auditing	\$ 14,250
Engineering	31,400
Legal	53,775
Financial Advisor	 4,000
TOTAL PROFESSIONAL FEES	\$ 103,425
CONTRACTED SERVICES:	
Appraisal District	\$ 10,890
Bookkeeping	55,860
Operations and Billing	122,859
Tax Collector	 1,022
TOTAL CONTRACTED SERVICES	\$ 190,631
UTILITIES -	
Electricity	\$ 900
Telephone	 697
TOTAL UTILITIES	\$ 1,597
REPAIRS AND MAINTENANCE	\$ 165,072
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 6,661
Election Costs	2,647
Insurance	10,478
Legal Notices	3,531
Office Supplies and Postage	1,201
Travel and Meetings	649
Other	 10,500
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 35,667
CAPITAL OUTLAY	\$ 50,762
OTHER EXPENDITURES:	
Chemicals	\$ 10,583
Laboratory Fees	12,509
Permit Fees	1,250
Reconnection Fees	120
Inspection Fees	13,821
Sludge Hauling	11,888
Lease Payments	134,400
Other	500
TOTAL OTHER EXPENDITURES	\$ 185,071
TOTAL EXPENDITURES	\$ 732,225

See accompanying independent auditor's report.

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 INVESTMENTS SEPTEMBER 30, 2024

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0009	Varies	Daily	\$ 1,167,971	\$
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	\$ 9,201	\$
TexPool	XXXX0008	Varies	Daily	1,268,436	
TOTAL DEBT SERVICE FUND				\$ 1,277,637	\$ -0-
CAPITAL PROJECTS FUND					
TexPool	XXXX0007	Varies	Daily	\$ 46,338	\$
TexPool	XXXX0010	Varies	Daily	147,198	
TexPool	XXXX0011	Varies	Daily	24,346	
TexPool	XXXX0012	Varies	Daily	82,302	
TexPool	XXXX0013	Varies	Daily	19,942	
TOTAL CAPITAL PROJECTS FU	JND			\$ 320,126	\$ -0-
TOTAL - ALL FUNDS				\$ 2,765,734	\$ -0-

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Maintenance Taxes			Debt Service Taxes			
TAXES RECEIVABLE - OCTOBER 1, 2023 Adjustments to Beginning	\$ 5,815			\$	4,583		
Balance	 (770)	\$	5,045		(953)	\$	3,630
Original 2023 Tax Levy	\$ 750,167			\$	1,375,306		
Adjustment to 2023 Tax Levy TOTAL TO BE	 3,346		753,513		6,134		1,381,440
ACCOUNTED FOR		\$	758,558			\$	1,385,070
TAX COLLECTIONS:							
Prior Years	\$ 3,668			\$	2,691		
Current Year	 752,386		756,054	_	1,379,374		1,382,065
TAXES RECEIVABLE -							
SEPTEMBER 30, 2024		\$	2,504			\$	3,005
TAXES RECEIVABLE BY YEAR:							
2023		\$	1,127			\$	2,066
2022		Ψ.	759			4	939
2020			618				
TOTAL		\$	2,504			\$	3,005

## TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 TAXES LEVIED AND RECEIVABLE FOR THE YEAR ENDED SEPTEMBER 30, 2024

	2023	2022	2021	2020	
PROPERTY VALUATIONS:					
Land	\$ 98,999,979	\$ 48,915,032	\$ 32,156,700	\$ 17,739,813	
Improvements	193,671,742	180,446,700	44,420,462	10,244,382	
Personal Property	330,973	292,074	469,924	157,483	
Exemptions	(41,831,745)	(38,238,036)	(12,786,830)	(7,972,636)	
TOTAL PROPERTY					
VALUATIONS (a)	\$ 251,170,949	\$ 191,415,770	\$ 64,260,256	\$ 20,169,042	
TAX RATES PER \$100					
VALUATION:					
Debt Service	\$ 0.55	\$ 0.47	\$ 0.27	\$ 0.00	
Maintenance	0.30	0.38	0.58	0.85	
TOTAL TAX RATES PER				<u> </u>	
\$100 VALUATION	<u>\$ 0.85</u>	<u>\$ 0.85</u>	<u>\$ 0.85</u>	\$ 0.85	
ADJUSTED TAX LEVY*	\$ 2,134,953	\$ 1,627,893	\$ 546,213	\$ 171,437	
PERCENTAGE OF TAXES					
COLLECTED TO TAXES					
LEVIED **	<u>\$ 99.85</u> %	<u>99.90</u> %	<u>100.00</u> %	99.64 %	

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors, including tax protest and disputes, such valuations change over time; therefore, they vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on May 7, 2016.

- \* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.
- \*\* Calculated as taxes collected in current and previous years divided by the tax levy. Calculated as of the time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual disclosure filings.

SERIES-2020 ROAD

Due During Fiscal Years Ending September 30	Principal Due September 1		Interest Due March 1/ September 1		Total		
2025	\$	95,000	\$	81,169	\$	176,169	
2026		95,000		79,173		174,173	
2027		100,000		77,083		177,083	
2028		100,000		74,783		174,783	
2029		105,000		72,383		177,383	
2030		110,000		69,759		179,759	
2031		115,000		67,009		182,009	
2032		115,000		64,019		179,019	
2033		120,000		60,569		180,569	
2034		125,000		56,969		181,969	
2035		130,000		53,219		183,219	
2036		135,000		49,189		184,189	
2037		135,000		45,003		180,003	
2038		140,000		40,819		180,819	
2039		145,000		36,443		181,443	
2040		150,000		31,913		181,913	
2041		155,000		27,225		182,225	
2042		160,000		22,110		182,110	
2043		165,000		16,831		181,831	
2044		170,000		11,385		181,385	
2045		175,000		5,775		180,775	
2046							
2047							
	\$	2,740,000	\$	1,042,828	\$	3,782,828	

#### SERIES-2021 ROAD

Due During Fiscal Years Ending September 30	Principal Due September 1			Interest Due March 1/ September 1		Total		
2025	\$	85,000	\$	75,525	\$	160,525		
2026		85,000	·	73,825	·	158,825		
2027		90,000		72,125		162,125		
2028		95,000		70,325		165,325		
2029		95,000		68,425		163,425		
2030		100,000		66,525		166,525		
2031		105,000		64,525		169,525		
2032		110,000		62,293		172,293		
2033		115,000		59,819		174,819		
2034		120,000		57,087		177,087		
2035		125,000		54,088		179,088		
2036		125,000		50,963		175,963		
2037		130,000		47,525		177,525		
2038		140,000		43,950		183,950		
2039		145,000		39,750		184,750		
2040		150,000		35,400		185,400		
2041		155,000		30,900		185,900		
2042		160,000		26,250		186,250		
2043		170,000		21,450		191,450		
2044		175,000		16,350		191,350		
2045		180,000		11,100		191,100		
2046		190,000		5,700		195,700		
2047								
	\$	2,845,000	\$	1,053,900	\$	3,898,900		

SERIES-2022A

			E3-2022A				
Due During Fiscal Years Ending September 30	Principal Due September 1			nterest Due March 1/ eptember 1	Total		
2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041	\$	110,000 115,000 125,000 130,000 135,000 145,000 150,000 170,000 175,000 185,000 195,000 205,000 215,000 240,000 250,000	\$	272,963 268,150 261,250 253,750 247,250 240,500 232,888 225,013 216,612 207,262 197,638 187,462 176,250 164,462 152,100 138,600 124,200	\$	382,963 383,150 386,250 383,750 382,250 385,500 382,888 385,013 386,612 382,262 382,638 382,462 381,250 379,462 377,100 378,600 374,200	
2042 2043 2044 2045 2046 2047		265,000 280,000 295,000 310,000 325,000 345,000		109,200 93,300 76,500 58,800 40,200 20,700		374,200 373,300 371,500 368,800 365,200 365,700	
	\$	4,750,000	\$	3,965,050	\$	8,715,050	

#### SERIES-2022B

Due During Fiscal Years Ending September 30	Principal Due September 1		nterest Due March 1/ eptember 1	Total		
2025	\$	120,000	\$ 304,300	\$	424,300	
2026		125,000	295,300		420,300	
2027		135,000	285,925		420,925	
2028		140,000	275,800		415,800	
2029		150,000	268,800		418,800	
2030		155,000	261,300		416,300	
2031		165,000	253,550		418,550	
2032		175,000	245,300		420,300	
2033		180,000	235,675		415,675	
2034		190,000	225,775		415,775	
2035		200,000	215,325		415,325	
2036		210,000	203,825		413,825	
2037		220,000	191,750		411,750	
2038		235,000	179,100		414,100	
2039		245,000	165,000		410,000	
2040		260,000	150,300		410,300	
2041		275,000	134,700		409,700	
2042		285,000	118,200		403,200	
2043		305,000	101,100		406,100	
2044		320,000	82,800		402,800	
2045		335,000	63,600		398,600	
2046		355,000	43,500		398,500	
2047		370,000	 22,200		392,200	
	\$	5,150,000	\$ 4,323,125	\$	9,473,125	

C		D	T		C	- 2	$^{\circ}$	1	2		
	F.	к		г.		- 2	u			ι.	

Due During Fiscal Years Ending September 30	Principal Due eptember 1	Interest Due March 1/ September 1		Total
2025	\$ 65,000	\$ 167,425	\$	232,425
2026	70,000	161,900		231,900
2027	70,000	155,950		225,950
2028	75,000	150,000		225,000
2029	80,000	145,500		225,500
2030	85,000	140,700		225,700
2031	90,000	135,600		225,600
2032	90,000	130,200		220,200
2033	95,000	124,800		219,800
2034	100,000	119,100		219,100
2035	105,000	113,100		218,100
2036	110,000	106,800		216,800
2037	115,000	100,200		215,200
2038	125,000	93,300		218,300
2039	130,000	85,800		215,800
2040	135,000	78,000		213,000
2041	145,000	69,900		214,900
2042	150,000	61,200		211,200
2043	160,000	52,200		212,200
2044	165,000	42,600		207,600
2045	175,000	32,700		207,700
2046	180,000	22,200		202,200
2047	 190,000	 11,400		201,400
	\$ 2,705,000	\$ 2,300,575	\$	5,005,575

## ANNUAL REQUIREMENTS FOR ALL SERIES

Due During Fiscal						Total	
Years Ending		Total		Total	Principal and		
September 30	Pı	rincipal Due	I	nterest Due	Interest Due		
		•					
2025	\$	475,000	\$	901,382	\$	1,376,382	
2026		490,000		878,348		1,368,348	
2027		520,000		852,333		1,372,333	
2028		540,000		824,658		1,364,658	
2029		565,000		802,358		1,367,358	
2030		595,000		778,784		1,373,784	
2031		625,000		753,572		1,378,572	
2032		650,000		726,825		1,376,825	
2033		680,000		697,475		1,377,475	
2034		710,000		666,193		1,376,193	
2035		745,000		633,370		1,378,370	
2036		775,000		598,239		1,373,239	
2037		805,000		560,728		1,365,728	
2038		855,000		521,631		1,376,631	
2039		890,000		479,093		1,369,093	
2040		935,000		434,213		1,369,213	
2041		980,000		386,925		1,366,925	
2042		1,020,000		336,960		1,356,960	
2043		1,080,000		284,881		1,364,881	
2044		1,125,000		229,635		1,354,635	
2045		1,175,000		171,975		1,346,975	
2046		1,050,000		111,600		1,161,600	
2047		905,000		54,300	959,3		
	\$	18,190,000	\$	12,685,478	\$	30,875,478	

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 CHANGE IN LONG-TERM BOND DEBT FOR THE YEAR ENDED SEPTEMBER 30, 2024

Description	В	Original onds Issued	Bonds Outstanding October 1, 2023		
Travis County Municipal Utility District No. 2	22				
Unlimited Tax Road Bonds - Series 2020		\$	3,000,000	\$	2,830,000
Travis County Municipal Utility District No. 2	22				
Unlimited Tax Road Bonds - Series 2021			3,000,000		2,925,000
Travis County Municipal Utility District No. 2	22				
Unlimited Tax Bonds - Series 2022A			4,800,000		4,800,000
Travis County Municipal Utility District No. 2	22				
Unlimited Tax Bonds - Series 2022B			5,265,000		5,265,000
Travis County Municipal Utility District No. 2	22				
Unlimited Tax Road Bonds - Series 2022C			2,770,000		2,770,000
TOTAL		Ф	10 025 000	¢.	10 500 000
TOTAL		\$	18,835,000	\$	18,590,000
Bond Authority:	Tax Bonds	F	Park Bonds	Road	l Bonds
Amount Authorized by Voters	\$ 102,000,000	\$	7,250,000	\$	12,500,000
Amount Issued	10,065,000		, ,		8,770,000
Remaining to be Issued	\$ 91,935,000	\$	7,250,000	\$	3,730,000
-					
Debt Service Fund cash and investment balance	30 20	024:	\$	1,277,637	
Average annual debt service payment (principa	emair	ning term			
of all debt:	,			\$	1,342,412

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

See accompanying independent auditor's report.

#### **Current Year Transactions**

		Retire	ements		_	Bonds	
Bonds Sold	s Sold Principal Interest			Outstanding ember 30, 2024	Paying Agent		
\$	\$	90,000	\$	82,969	\$	2,740,000	UMB Bank, N.A. Austin, Texas
		80,000		77,125		2,845,000	UMB Bank, N.A. Austin, Texas
		50,000		275,087		4,750,000	UMB Bank, N.A. Austin, Texas
		115,000		312,925		5,150,000	UMB Bank, N.A. Austin, Texas
		65,000		172,950		2,705,000	UMB Bank, N.A. Austin, Texas
\$ -0-	\$	400,000	\$	921,056	\$	18,190,000	

# TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND - FIVE YEARS

			Amounts
	2024	2023	2022
REVENUES			
Property Taxes	\$ 756,054	\$ 724,399	\$ 371,864
Sewer Fees	419,826	314,736	311,500
Drainage Fees	35,400	21,000	10,200
Tap, Connection and Inspection Fees	130,275	74,795	39,119
Penalty and Interest	9,215	3,366	4,336
Transfer In		109,643	12,000
Developer Advances			40,500
Insurance Proceeds		54,500	
Investment and Miscellaneous Revenues	 57,694	 27,993	 2,238
TOTAL REVENUES	\$ 1,408,464	\$ 1,330,432	\$ 791,757
EXPENDITURES			
Professional Fees	\$ 103,425	\$ 96,259	\$ 92,653
Contracted Services	190,631	136,752	119,668
Utilities	1,597	1,444	361
Repairs and Maintenance	165,072	212,470	168,655
Other	86,338	82,089	61,253
Capital Outlay	50,762	190,598	101,142
Lease Payments	134,400	134,400	134,400
Bond Issuance Costs	 	 	 105,443
TOTAL EXPENDITURES	\$ 732,225	\$ 854,012	\$ 783,575
NET CHANGE IN FUND BALANCE	\$ 676,239	\$ 476,420	\$ 8,182
BEGINNING FUND BALANCE (DEFICIT)	 705,161	 228,741	 220,559
ENDING FUND BALANCE (DEFICIT)	\$ 1,381,400	\$ 705,161	\$ 228,741

Percentage of Total Revenues

				1 (1)	CIII	age of Total I	Cevenues			
2021	 2020	2024		2023		2022	2021		2020	_
\$ 170,815	\$ 39,324	53.7	%	54.4	%	47.0 %	20.2	%	6.7	%
180,531	55,646	29.8		23.7		39.3	21.3		9.6	
54,300	30,600	2.5		1.6		1.3	6.4		5.3	
191,500	107,115	9.2		5.6		5.0	22.6		18.4	
1,358	140	0.7		0.3		0.5	0.2			
				8.2		1.5				
247,626	348,996					5.1	29.3		60.0	
				4.1						
 70	128	4.1		2.1		0.3				
\$ 846,200	\$ 581,949	100.0	%	100.0	%	100.0 %	100.0	%	100.0	%
\$ 132,801	\$ 118,398	7.4	%	7.2	%	11.8 %	15.7	%	20.3	%
96,650	39,973	13.6		10.3		15.1	11.4		6.9	
		0.1		0.1						
121,471	12,960	11.7		16.0		21.3	14.4		2.2	
229,880	349,706	6.1		6.2		7.7	27.2		60.1	
		3.6		14.3		12.8				
		9.5		10.1		17.0				
 16,200	 					13.3	1.9			
\$ 597,002	\$ 521,037	52.0	%	64.2	%	99.0 %	70.6	%	89.5	%
\$ 249,198	\$ 60,912	48.0	%	35.8	%	1.0 %	29.4	%	10.5	%
 (28,639)	 (89,551)									
\$ 220,559	\$ (28,639)									

#### TRAVIS COUNTYMUNICIPAL UTILITY DISTRICT NO. 22 COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES DEBT SERVICE FUND - FIVE YEARS

			Amounts
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,382,065	\$ 895,968	\$ 173,503
Penalty and Interest	5,681	1,346	148
Investment Revenues	103,709	70,921	1,887
Miscellaneous Revenues		276	
TOTAL REVENUES	\$ 1,491,455	\$ 968,511	\$ 175,538
EXPENDITURES			
Debt Service Principal	\$ 400,000	\$ 160,000	\$ 85,000
Debt Service Interest and Fees	923,056	709,344	143,890
TOTAL EXPENDITURES	\$ 1,323,056	\$ 869,344	\$ 228,890
EXCESS (DEFICIENCY) OF REVENUES			
OVER (UNDER) EXPENDITURES	\$ 168,399	\$ 99,167	\$ (53,352)
· ,			
OTHER FINANCING SOURCES			
Long-Term Debt Issued	\$	\$ 869,875	\$ 78,625
NET CHANGE IN FUND BALANCE	\$ 168,399	\$ 969,042	\$ 25,273
BEGINNING FUND BALANCE	1,106,000	136,958	111,685
ENDING FUND BALANCE	\$ 1,274,399	\$ 1,106,000	\$ 136,958
TOTAL ACTIVE RETAIL WATER			
CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER			
CONNECTIONS	454	345	316

<sup>\*</sup> First year with Debt Service Fund was fiscal year 2021.

<sup>\*\*</sup> Water service is provided by the West Travis County Public Utility Agency.

						0					
2021	2020*	2024		2023		2022		2021		2020*	_
\$	\$	92.6	%	92.5	%	98.8	%		%		%
42 734		0.4 7.0	%	0.1 7.3 0.1	%	0.1	%	5.4 94.6	%		%
\$ 776	\$ -0-	100.0	%	100.0	%	100.0	%	100.0	%		%
\$ 61,191	\$	26.8 61.9	%	16.6 73.2		48.4 82.0	%	7,885.4	%		%
\$ 61,191	\$ -0-	88.7	%	89.8	%	130.4	%	7,885.4	%		%
\$ (60,415)	\$ -0-	11.3	%	10.2	%	(30.4)	%	(7,785.4)	%		%
\$ 172,100	\$ -0-										
\$ 111,685	\$ -0-										
\$ 111,685	\$ -0-										
**	**										
252	N/A										

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2024

District Mailing Address - Travis County Municipal

Utility District No. 22

c/o The Carlton Law Firm, PLLC 4301 Westbank Drive, Suite B-130

Austin, TX 78746

District Telephone Number - (512) 614-0901

Board Members:	Term of Office (Elected or Appointed)	fo yea	of Office or the or ended ber 30, 2024	Reimb fo yea	spense oursements or the r ended per 30, 2024	<u>Title</u>
Nate Gilbert	05/2024 05/2028 (Elected)	\$	1,105	\$	-0-	President
Brandon Epps	05/2024 05/2028 (Elected)	\$	663	\$	-0-	Vice President
Homero Garcia	05/2024 05/2028 (Elected)	\$	1,105	\$	-0-	Secretary
Travis Brewer	04/2024 05/2026 (Appointed)	\$	1,326	\$	-0-	Treasurer
George Huntington	05/2022 05/2026 (Elected)	\$	-0-	\$	-0-	Assistant Secretary

#### Notes:

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

Submission date of most recent District Registration Form: May 13, 2024

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

#### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 22 BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS SEPTEMBER 30, 2024

			Compensation for the ear ended	
Consultants:	Date Hired	•	mber 30, 2024	Title
The Carlton Law Firm, PLLC	05/13/2024	\$	36,485	General Counsel
McLean & Howard, LLP	04/18/2017	\$	21,207	Former General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/27/2020	\$ \$	14,250 2,500	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	12/16/2015	\$	56,893	Bookkeeper
LJA Engineering	12/16/2015	\$	33,387	Engineer
Jones-Heroy & Associates, Inc.	02/04/2016	\$	-0-	Bond Engineer
Crossroads Utility Services	08/21/2023	\$	273,145	Operator
Inframark	03/05/2019	\$	4,133	Former Operator
Specialized Public Finance, Inc.	08/29/2018	\$	4,000	Financial Advisor
Mark Burton and Ghia Lewis	12/16/2015	\$	-0-	Investment Officer
Travis County Tax Assessor/Collector	04/09/2018	\$	1,022	Tax Assessor/ Collector

#### 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]	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 receive 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
Y	

#### Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:
1 World Financial Center, 27<sup>th</sup> floor
200 Liberty Street

Telecopy:

212-962-1524 (attention: Claims)

