

**PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 17, 2025**

**This Preliminary Official Statement is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchasers.**

*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 WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS— QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS."**

**NEW ISSUE-Book-Entry-Only**

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**

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

**\$1,910,000  
UNLIMITED TAX BONDS  
SERIES 2025A**

**\$3,490,000  
UNLIMITED TAX ROAD BONDS  
SERIES 2025B**

**Dated Date: December 1, 2025**

**Interest Accrual Date: Date of Delivery**

**Due: September 1, as shown on the inside cover**

The \$1,910,000 Unlimited Tax Bonds, Series 2025A (the "Series 2025A Bonds") and the \$3,490,000 Unlimited Tax Road Bonds, Series 2025B (the "Series 2025B Road Bonds") (collectively referred to herein as the "Bonds") are obligations solely of Travis County Municipal Utility District No. 26 (the "District") and are not obligations of the State of Texas, Travis County, Texas, the City of Mustang Ridge, Texas, or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about December 18, 2025) (the "Date of Delivery") and is payable on each September 1 and March 1 (each an "Interest Payment Date") commencing March 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover.

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

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**See "MATURITY SCHEDULES" on the inside cover.**

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McLean & Howard, L.L.P., Bond Counsel, Austin, Texas and McCall, Parkhurst & Horton L.L.P., Special Tax Counsel, Dallas, Texas. Delivery of the Bonds in book-entry form through DTC is expected on or about December 18, 2025.

**Bids Due: Wednesday, November 12, 2025, at 9:00 A.M., Central Daylight Time, in Austin, Texas**  
**Bid Award: Wednesday, November 12, 2025, at 11:00 A.M., Central Daylight Time, in Austin, Texas**

## MATURITY SCHEDULES

### \$1,910,000 SERIES 2025A BONDS

<u>Due</u> <u>(Sept. 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>	<u>Due</u> <u>(Sept. 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>
2027	\$ 40,000				2039	\$ 75,000 (d)			
2028	45,000				2040	80,000 (d)			
2029	45,000				2041	85,000 (d)			
2030	50,000				2042	90,000 (d)			
2031	50,000				2043	95,000 (d)			
2032	55,000 (d)				2044	100,000 (d)			
2033	55,000 (d)				2045	105,000 (d)			
2034	60,000 (d)				2046	110,000 (d)			
2035	60,000 (d)				2047	115,000 (d)			
2036	65,000 (d)				2048	120,000 (d)			
2037	70,000 (d)				2049	130,000 (d)			
2038	75,000 (d)				2050	135,000 (d)			

### \$3,490,000 SERIES 2025B ROAD BONDS

<u>Due</u> <u>(Sept. 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>	<u>Due</u> <u>(Sept. 1)</u>	<u>Principal</u> <u>Amount (a)</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Yield (b)</u>	<u>CUSIP</u> <u>Number (c)</u>
2027	\$ 75,000				2039	\$ 140,000 (d)			
2028	80,000				2040	145,000 (d)			
2029	85,000				2041	155,000 (d)			
2030	90,000				2042	165,000 (d)			
2031	95,000				2043	170,000 (d)			
2032	100,000 (d)				2044	180,000 (d)			
2033	105,000 (d)				2045	190,000 (d)			
2034	110,000 (d)				2046	200,000 (d)			
2035	115,000 (d)				2047	210,000 (d)			
2036	120,000 (d)				2048	220,000 (d)			
2037	125,000 (d)				2049	235,000 (d)			
2038	135,000 (d)				2050	245,000 (d)			

- (a) The Initial Purchasers (as defined herein) may designate one or more maturities as term bonds. See accompanying “Official Notice of Sale” and “Official Bid Form.”
- (b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchasers for offers to the public and which subsequently may be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (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 Purchasers shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) The Bonds maturing on or after September 1, 2032 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

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## USE OF INFORMATION IN OFFICIAL STATEMENT

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”), as amended and in effect on the date hereof, this document constitutes an Official Statement of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by SEC Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or 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, 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 McLean & Howard, L.L.P., Bond Counsel, 4301 Bull Creek Road, Suite 150, Austin, Texas, 78731, 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 Purchasers (as herein defined) and thereafter only as specified in “PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement.”

Neither the District nor the Initial Purchasers make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

## 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 BONDS

#### *Description...*

The \$1,910,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and the \$3,490,000 Unlimited Tax Road Bonds, Series 2025B (the “Series 2025B Road Bonds”) (collectively referred to herein as the “Bonds”) are being issued as fully registered bonds pursuant to separate resolutions (collectively, the “Bond Resolutions”) authorizing the issuance of the respective series of the Bonds adopted by the Board of Directors (the “Board”) of Travis County Municipal Utility District No. 26 (the “District”). The Series 2025A Bonds and the Series 2025B Road Bonds are scheduled to mature serially on September 1 in each of the years 2027 through 2050, both inclusive, each in the principal amounts and accruing interest at the rates shown on the inside cover hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from the Date of Delivery (expected to be on or about December 18, 2025), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter, until maturity or prior redemption. See “THE BONDS.”

#### *Book-Entry-Only System...*

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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 series and maturity of the Bonds and will be deposited with DTC or its designee. See “BOOK-ENTRY-ONLY SYSTEM.”

#### *Redemption...*

The Bonds maturing on or after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”

*Use of Proceeds for the  
Series 2025A Bonds...*

Proceeds of the Series 2025A Bonds will be used to pay for engineering and construction costs associated with sanitary sewer facilities shown herein under “THE SYSTEM—Use and Distribution of Series 2025A Bond Proceeds.” In addition, proceeds of the Series 2025A Bonds will be used to capitalize twelve (12) months of interest on the Series 2025A Bonds; to reimburse and pay for interest on funds advanced by the Developer (defined herein) on behalf of the District; and to pay engineering fees, administrative costs, and certain other costs related to the issuance of the Series 2025A Bonds. See “THE SYSTEM—Use and Distribution of Series 2025A Bond Proceeds.”

*Use of Proceeds for the  
Series 2025B Road Bonds...*

Proceeds of the Series 2025B Road Bonds will be used to finance road facilities as described herein under “THE ROAD SYSTEM—Use and Distribution of Series 2025B Road Bond Proceeds.” In addition, the proceeds of the Series 2025B Road Bonds will be used to capitalize twelve (12) months of interest on the Series 2025B Road Bonds; and to pay certain other costs related to the issuance of the Series 2025B Road Bonds. See “THE ROAD SYSTEM—Use and Distribution of Series 2025B Road Bond Proceeds.”

*Authority for Issuance...*

The Series 2025A Bonds are the second series of bonds issued out of an aggregate of \$270,000,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Series 2025A Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 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 on May 1, 2021, an order of the Texas Commission on Environmental Quality (the “TCEQ”) approving the issuance of said bonds, and the terms and conditions of a resolution authorizing the issuance of the Series 2025A Bonds (the “Series 2025A Bond Resolution”). See and “RISK FACTORS—Future Debt,” “THE BONDS—Authority for Issuance,” and “—Issuance of Additional Debt.”

The Series 2025B Road Bonds are the first series of bonds issued out of an aggregate of \$65,000,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of financing and constructing road facilities to serve the land within the District’s boundaries. The Series 2025B Road Bonds are issued by the District pursuant to the terms and conditions of a resolution authorizing the issuance of the Series 2025B Road Bonds (the “Series 2025B Road Bond Resolution”), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District on May 1, 2021, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “RISK FACTORS—Future Debt,” “THE BONDS—Authority for Issuance,” and “—Issuance of Additional Debt.”

*Source of Payment...*

Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES” The Bonds are obligations of the District and are not obligations of the State of Texas, Travis County, the City of Mustang Ridge or any other political subdivision or agency other than the District. See “THE BONDS—Source and Security for Payment.”

*Payment Record...*

The District has previously issued one series of unlimited tax bonds for the purpose of acquiring or constructing wastewater treatment and disposal facilities, all of which remain outstanding (the “Outstanding Bonds”) as of October 1, 2025. The District has never defaulted on the debt service payments on the Outstanding Bonds. See “FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds.”

*Qualified Tax-Exempt  
Obligations...*

The District expects to designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2025 is not reasonably expected to exceed \$10,000,000. See “TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions.”

*Municipal Bond Rating  
and*

*Municipal Bond Insurance...* The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made. Application has been made to various municipal bond insurance companies for qualification of each series of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the applicable Initial Purchaser and at the applicable Initial Purchaser's expense. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."

*Bond Counsel...* McLean & Howard, L.L.P., Austin, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."

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

*Financial Advisor...* Masterson Advisors LLC, Houston, Texas.

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

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

*Paying Agent/Registrar...* BOKF, NA, Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

## **THE DISTRICT**

*Description...* The District was created by order of the TCEQ dated January 22, 2021. The District presently contains approximately 179 acres of land. The District is located in southwest Travis County, Texas (the "County") approximately two miles northwest of the central area of the City of Mustang Ridge, Texas (the "City"), which City is located approximately 17 miles southwest of the central business district of the City of Austin, Texas. The District lies wholly within the corporate limits of the City. See "THE DISTRICT."

*Status of Development...* The District is being developed primarily for single family residential purposes as Stallion Run. Water, sanitary sewer and drainage facilities have been constructed to serve Stallion Run, Units 1, 2 and 4 and Del Caballo, Unit 3 (approximately 113 acres of land developed into 439 single-family residential lots). As of October 1, 2025, the District contained 272 single-family homes completed and occupied, 5 single-family homes completed and not occupied, 53 single-family homes in various stages of construction, 2 model homes, and 107 vacant developed lots available for new home construction. The current builder in Stallion Run is Century Communities. New homes in the District range in offering prices from approximately \$280,000 to \$385,000 with square footage ranging from 1,200 to 2,400 square feet.

In addition to the development described above, the District contains approximately 8 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Also, approximately 58 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses. See "THE DISTRICT – Status of Development."

*The Developer...* The developer of land within the District is Century Land Holdings II, LLC ("Century" or the "Developer"), a Texas limited liability company. Century has developed water, sewer and drainage facilities to serve all the sections within the District known as Stallion Run and Del Caballo. Century is wholly owned by Century Communities, Inc., a publicly held corporation, the stock of which is listed on the New York Stock Exchange under the trading symbol CCS. See "THE DEVELOPER."

## **RISK FACTORS**

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned “RISK FACTORS.”

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## SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$82,388,012 (a)
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	\$91,484,805 (b)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	\$12,100,000 (c)
Estimated Overlapping Debt .....	<u>2,059,487 (d)</u>
Gross Direct Debt and Estimated Overlapping Debt.....	\$14,159,487
Ratios of Gross Direct Debt to:	
2025 Taxable Assessed Valuation.....	14.69%
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	13.23%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:	
2025 Taxable Assessed Valuation.....	17.19%
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	15.48%
2025 Debt Service Tax Rate.....	\$0.41
2025 Maintenance and Operations Tax Rate.....	<u>0.49</u>
2025 Total Tax Rate.....	\$0.90 (e)
Average Annual Debt Service Requirement (2026-2050) of the Bonds and the Outstanding Bonds ("Average Requirement") at an estimated interest rate of 5.25% .....	\$833,577 (f)
Maximum Annual Debt Service Requirement (2049) of the Bonds and the Outstanding Bonds ("Maximum Requirement") at an estimated interest rate of 5.25% .....	\$890,038 (f)
Tax Rate Required to Pay Average Requirement (2026-2050) at a 95% Collection Rate:	
Based upon 2025 Taxable Assessed Valuation.....	\$1.07 (g)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2025.....	\$0.96 (g)
Tax Rate Required to Pay Maximum Requirement (2049) at a 95% Collection Rate:	
Based upon 2025 Taxable Assessed Valuation.....	\$1.14 (g)
Based upon Estimated Taxable Assessed Valuation as of September 1, 2025.....	\$1.03 (g)
Status of Development as of October 1, 2025:	
Single-Family Residential – Homes Completed and Occupied.....	272
Single-Family Residential – Homes Completed and Unoccupied.....	5
Single-Family Residential – Homes Under Construction .....	53
Single-Family Residential – Vacant Developed Lots.....	107
Model Homes.....	<u>2</u>
Total Connections .....	439

Estimated 2025 Population — 952 (h)

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$77,531,205 of certified value and \$4,856,807 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on September 1, 2025. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and September 1, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2026. See "TAX PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."
- (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (e) See "TAX DATA—Historical Tax Rate Distribution."
- (f) See "DEBT SERVICE REQUIREMENTS."
- (g) See "TAX DATA—Tax Adequacy for Debt Service."
- (h) Estimate based on 3.5 persons per occupied single-family residence.



## PRELIMINARY OFFICIAL STATEMENT

### TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26

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

**\$1,910,000**

#### **UNLIMITED TAX BONDS SERIES 2025A**

**\$3,490,000**

#### **UNLIMITED TAX ROAD BONDS SERIES 2025B**

This Preliminary Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 26 (the “District”) of its \$1,910,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and the \$3,490,000 Unlimited Tax Road Bonds, Series 2025B (the “Series 2025B Road Bonds”) (collectively referred herein as the “Bonds”).

The Series 2025A Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”) approving the issuance of the Series 2025A Bonds, Article XVI, Section 59 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 on May 1, 2021, and a resolution authorizing the issuance, sale and delivery of the Series 2025A Bonds (the “Series 2025A Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

The Series 2025B Road 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 on May 1, 2021, and a resolution authorizing the issuance, sale and delivery of the Series 2025B Road Bonds (the “Series 2025B Road Bond Resolution”) adopted by the Board.

The Series 2025A Bond Resolution and the Series 2025B Road Bond Resolution are collectively referred to herein as the “Bond Resolutions.”

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolutions, and certain other information about the District and the Developer of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefore.

This PRELIMINARY 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 Purchaser with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

## RISK FACTORS

### General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, the City of Mustang Ridge, Texas (the “City”), 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 and Security 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 (defined herein) 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, 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.

### **Impact on District Tax Rate**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Taxable Assessed Valuation of the District is \$82,388,012 (\$77,531,205 certified plus \$4,856,807 uncertified) and the Estimated Taxable Assessed Valuation as of September 1, 2025, is \$91,484,805 (see “FINANCIAL STATEMENT (UNAUDITED)”). After issuance of the Bonds, the maximum annual debt service requirement will be \$890,038 (2049) and the average annual debt service requirement will be \$833,577 (2026-2050). Assuming no increase or decrease from the 2025 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$1.14 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$890,038 and a tax rate of \$1.07 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$833,577 (see “TAX DATA—Tax Adequacy for Debt Service”). Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of September 1, 2025, the issuance of no additional debt, and no other funds available for the payment of debt service, a tax rate of \$1.03 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 \$0.96 per \$100 of taxable assessed valuation would be necessary to pay the average annual debt service requirement. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds (defined herein) based upon the 2025 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX DATA—Tax Adequacy for Debt Service” and “TAX PROCEDURES.”

### **Dependence Upon Developer and Homebuilder**

The Developer is the principal taxpayer in the District. The growth of the tax base is dependent upon additional construction of homes within the District. The Developer is under no obligation to continue to market developed tracts of land for improvement. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment by the Developer. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, the homebuilder within the District, or other entities to whom such parties may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. See “THE DISTRICT—Status of Development” and “THE DEVELOPER.”

Based upon the most recently available information from the Travis Central Appraisal District, the principal taxpayers in the District represented \$12,921,795 or approximately 16.67% of the District's 2025 Certified Taxable Assessed Valuation of \$77,531,205. As of January 1, 2025, the Developer and their related entities owned property located within the District, the total aggregate assessed value of which comprised approximately 12.03% of the District's total assessed valuation. If the Developer (or other principal taxpayer) were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its debt service fund. See “Tax Collection Limitations” in this section, “TAX DATA—Principal Taxpayers,” and “TAX PROCEDURES—Levy and Collection of Taxes.”

### **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.

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

There are approximately 8 developable acres that have not been provided with water distribution, wastewater collection, and storm drainage facilities and 107 developed lots that remain vacant as of October 1, 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."

### **Operating Funds**

The District's current primary source of operating revenue is maintenance tax revenue and advances from the Developer. The District levied a 2025 maintenance tax rate in the amount of \$0.49 per \$100 of taxable assessed valuation. The District's unaudited Operating Fund balance as of October 15, 2025 was \$366,714. The revenue produced from a \$0.49 maintenance tax rate in 2025 may not be sufficient to offset the operating expenses of the District. Continued maintenance of a positive Operating Fund balance may depend upon (1) cash subsidies from the Developer, and (2) continued development and increased amounts of maintenance tax revenue. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate. See "Dependence Upon Developer and Homebuilder" herein, "THE DEVELOPER," "TAX DATA—Principal Taxpayers" and "GENERAL FUND OPERATIONS."

### **Future Debt**

At a bond election held within the District on May 1, 2021, the voters of the District authorized the issuance of a total of \$270,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer, and drainage facilities to serve the District and a total of \$65,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road improvements. After issuance of the Bonds, the District will have \$261,390,000 of authorized but unissued unlimited tax bonds for water, sanitary sewer, and drainage facilities and \$61,510,000 of authorized but unissued unlimited tax bonds for road facilities. At the same election, the voters of the District authorized the issuance of a total of \$420,000,000 principal amount of unlimited tax bonds for refunding bonds issued for the water, sanitary sewer, and drainage facilities and \$97,500,000 principal amount of unlimited tax bonds for refunding bonds issued for road purposes. All of such bonds remain authorized but unissued. See "THE BONDS—Issuance of Additional Debt." The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the TCEQ. Any additional bonds issued by the District may dilute the security for the Bonds.

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 \$14,882,318 (as of October 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 TCEQ. According to the Engineer, the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

### **Specific Flood Type Risks**

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

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

### **Environmental Regulations**

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

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

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **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 “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Taxes for 2024.”), 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 Resolutions, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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 Resolutions 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 a Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

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

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

### **Marketability**

The District has no agreement with the Initial Purchasers 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.

### **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. See "TAX PROCEDURES—Valuation of Property for Taxation."

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.

### **Changes in Tax Legislation**

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

### **Approval of the Bonds**

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

### **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."

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The District has applied for a bond insurance policy (the "Policy") on each series of Bonds to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following risk factors:

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurers (the "Insurers") and its claim paying ability. The Insurers' 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 Insurers and of the ratings on the Bonds insured by the Insurers 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 Insurers are contractual obligations and in an event of default by the Insurers, 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 Purchasers have made independent investigation into the claims paying ability of the Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Insurers 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 Insurers, particularly over the life of the investment. See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE” for further information provided by the Insurers and the Policy, which includes further instructions for obtaining current financial information concerning the Insurers.

## **THE BONDS**

### **Description**

The Bonds will be dated December 1, 2025, with interest payable each September 1 and March 1, beginning March 1, 2026 (each an “Interest Payment Date”), and will mature on the dates and in the principal amounts and accrue interest at the rates shown on the inside cover page hereof. Interest on the Bonds initially accrues from the Date of Delivery (expected on or about December 18, 2025), and thereafter, from the most recent Interest Payment Date. 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 Resolutions, the Board has appointed BOKF, NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds (the “Paying Agent/Registrar”). 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 Dallas, 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 (the “Registered Owner”) as of the close of business on 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 Resolutions.

### **Source and Security for Payment**

While the Bonds, the Outstanding Bonds or any part of the principal thereof or interest thereon remain 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 Resolutions, 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, the City of Mustang Ridge (the “City”), or any entity other than the District.

## **Funds**

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

Twelve (12) months of capitalized interest will be deposited into the Debt Service Fund from both the Series 2025A Bonds and the Series 2025B Road Bonds. 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 Resolutions or ultimately transferred to the Debt Service Fund. See “THE SYSTEM—Use and Distribution of Series 2025A Bond Proceeds” and “THE ROAD SYSTEM—Use and Distribution of Series 2025 Road 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 then known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolutions 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.

## **Outstanding Bonds**

The District has previously issued one series of unlimited tax bonds, as follows: \$6,700,000 Unlimited Tax Bonds, Series 2024, all of which remain outstanding as of October 1, 2025 (the “Outstanding Bonds”).

## **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 month (whether or not a business day) 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, 2032, prior to their scheduled maturities, in whole or from time-to-time in part, in integral multiples of \$5,000 on September 1, 2031, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

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

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

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption.

When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

### **Authority for Issuance**

At an election held within the District on May 1, 2021, voters of the District authorized a total of \$270,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and a total of \$65,000,000 principal amount of unlimited tax bonds for road facilities. The Series 2025A Bonds and the Series 2025B Road Bonds are being issued pursuant to such authorizations, respectively. See “—Issuance of Additional Debt” herein. The Commission has approved the sale of the Series 2025A Bonds for the purposes described in “THE SYSTEM—Use and Distribution of Series 2025A Bond Proceeds.”

The Series 2025A Bonds are issued by the District pursuant to the terms and provisions of the Series 2025A Bond Resolution; Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District on May 1, 2021, and an order of the TCEQ. The Series 2025B Road Bonds are issued by the District pursuant to the terms and provisions of the Series 2025B Road Bond Resolution; Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on May 1, 2021; and the general laws of the State of Texas relating to the issuance of the bonds by political subdivisions of the State of Texas.

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

### **Registration and Transfer**

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

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 series and 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 Resolutions 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 Resolutions 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**

After the issuance of the Series 2025A Bonds and Series 2025B Road Bonds, the District will have \$261,390,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities authorized but unissued and will have \$61,510,000 principal amount of unlimited tax bonds for road facilities authorized but unissued. In addition, the District has also authorized \$420,000,000 principal amount of unlimited tax bonds for refunding bonds issues for the water, sanitary sewer and drainage facilities, and \$97,500,000 principal amount of unlimited tax bonds for refunding bonds issued for road facilities, all of which remains authorized but unissued. See "RISK FACTORS—Future Debt."

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or acquire contract rights therefor. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission and the voters of the District, to establish, operate, and maintain firefighting facilities, independently or with one or more conservation and reclamation districts.

The Bond Resolutions impose 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 debt could dilute the investment security for the Bonds. See "RISK FACTORS—Future Debt."

### **Abolishment by the City of Mustang Ridge**

Under existing Texas law, because the District lies wholly within the corporate limits of the City, the District may be abolished by the City without the District's consent. Provided, however, the City has agreed in the Consent Agreement (defined herein) that the District will not be dissolved until after the completion of at least ninety percent (90%) of the construction of the public infrastructure necessary to serve the District with water, wastewater, drainage facilities, road improvements, and other facilities eligible for reimbursement under the rules of TCEQ or other law, and either (i) bonds have been issued by the District to reimburse Developer's eligible infrastructure costs related to such facilities, or (ii) the City has expressly agreed to assume the obligation to reimburse the Developer for such costs. See "THE DISTRICT – Consent Agreement." If the District is abolished, the City will assume the District's assets and obligations (including the Bonds). Abolishment of the District by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that abolishment will or will not occur or as to the ability of the City to make debt service payments on the Bonds should abolishment occur.

### **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 Resolutions, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Resolutions, 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 Resolutions. Except for mandamus, the Bond Resolutions do 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. In the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolutions may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

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

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

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

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

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

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

### **Defeasance**

The Bond Resolutions provide 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 book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.*

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

The 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 on-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](http://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.

## **THE DISTRICT**

### **General**

The District is a municipal utility district created by order of the TCEQ on January 22, 2021, 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 located wholly within the corporate limits of the City and within the boundaries of Del Valle Independent School District.

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

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

### **Location**

The District presently contains approximately 179 acres of land. The District is located in southwest Travis County approximately two miles northwest of the central area of the City, which City is located approximately 17 miles southwest of the central business district of the City of Austin, Texas. The District lies wholly within the corporate limits of the City.



**Status of Development**

The District is being developed primarily for single family residential purposes as Stallion Run. Water, sanitary sewer and drainage facilities have been constructed to serve Stallion Run, Units 1, 2 and 4 and Del Caballo, Unit 3 (approximately 113 acres of land developed into 439 single-family residential lots). As of October 1, 2025, the District contained 272 single-family homes completed and occupied, 5 single-family home completed and not occupied, 53 single-family homes in various stages of construction, 2 model homes, and 107 developed lots available for new home construction.

In addition to the development described above, the District contains approximately 8 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Also, approximately 58 acres of undevelopable land is contained in easements, rights of way, storm water detention facilities and other land uses.

The Developer is the sole homebuilder in the District. New homes in the District range in offering prices from approximately \$280,000 to \$385,000. As of October 1, 2025, the District contained 277 single-family homes completed as shown below:

Status of Home Construction as of October 1, 2025:

Single-Family Residential – Completed and Occupied .....	272
Single-Family Residential – Completed and Unoccupied .....	5
Single-Family Residential – Homes Under Construction .....	53
Single-Family Residential – Vacant Developed Lots .....	107
Model Homes .....	<u>2</u>
Total .....	439

**Consent Agreement**

The District is party to that certain Consent Agreement dated to be effective May 11, 2020 (the “Consent Agreement”), entered into by and between the City; MR Stallion Run, LLC (“MR Stallion”); and the District. MR Stallion subsequently assigned its rights, interests, and obligations under the Consent Agreement to the Developer. The Consent Agreement provides, among other terms, the City's consent to creation of the District and the City's agreement not to dissolve the District until after the completion of at least ninety percent (90%) of the construction of the public infrastructure necessary to serve the District with water, wastewater, drainage facilities, road improvements, and other facilities eligible for reimbursement under the rules of TCEQ or other law, and either (i) bonds have been issued by the District to reimburse Developer’s eligible infrastructure costs related to such facilities, or (ii) the City has expressly agreed to assume the obligation to reimburse the Developer for such costs. The City will thereafter have the right, but not the obligation to dissolve the District. The Consent Agreement also provides (i) the purposes for which the District is authorized to issue bonds, such purposes as permitted by the laws of the State of Texas, and (ii) the terms for the City's approval of bonds to be issued by the District.

Pursuant to the Consent Agreement with the District, the City has agreed to rebate to the District an amount equal to the City's ad valorem tax revenues actually collected and received by the City, exclusive of any interest and penalties paid by the taxpayer to the City and exclusive of any collection costs incurred by the City, from taxable property within the District less a sum equal to \$0.135 per \$100 of assessed valuation (the “Tax Rebate”). Pursuant to the Consent Agreement, the City agrees to pay a portion of such City taxes collected upon taxable property within the District beginning with taxes collected for the 2022 tax year, the District’s initial year of receiving a tax roll from Travis Central Appraisal District, and continuing each year thereafter until the dissolution of the District. The amount of rebate payment will vary with changes in the District’s appraised valuation. Consequently, the amounts subject to rebate by the City under the formula will vary from year to year. Any significant reduction in the amount of the tax rebate could increase the District’s rate of taxation. Also, pursuant to the Consent Agreement, the rebate shall be incrementally reduced in the event the District levies a total tax at a rate that is less than \$0.48 per \$100 of assessed valuation, which shall not occur until satisfaction of both of the following conditions have been met: (i) the Developer and all developers within the District have been fully reimbursed, with interest, in accordance with the rules of the TCEQ; and (ii) the District has completely financed and constructed 100% of District facilities. Once such conditions have been met, the Tax Rebate shall be reduced by an amount equal to the decrease in the District total tax rate below \$0.48 per \$100 assessed valuation.

Under the Consent Agreement, the District is responsible for the repair and maintenance of roads within the District until accepted by the City.

## MANAGEMENT OF THE DISTRICT

### **Board of Directors**

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. None of the Directors listed below reside within the District; however, each of the Directors owns an undivided interest in a small parcel of land in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The directors of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Rick Rosenberg	President	May 2026
Alex Blackburn	Vice President	May 2028
Robert Bobo	Secretary	May 2028
Blake Rue	Assistant Secretary	May 2028
Alex Boogren	Assistant Secretary	May 2026

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

### **District Consultants**

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

General Counsel and Bond Counsel: The District engages McLean & Howard, L.L.P. as general counsel and as bond counsel in connection with the issuance of the Bonds. The legal fees to be paid bond counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Special Tax Counsel: 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.

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Austin, Texas has been retained as Disclosure Counsel. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

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

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

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

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

Tax Appraisal: 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."

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

## **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 their affiliates, is obligated to pay principal of or interest on the Bonds. See "RISK FACTORS—Dependence Upon Developer and Homebuilder." Furthermore, neither the Developer nor any of their affiliates has 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**

The developer of land within the District is Century Land Holdings II, LLC ("Century" or the "Developer"), a Colorado limited liability company. Century has developed water, sewer and drainage facilities to serve all the sections within the District known as Stallion Run and Del Caballo. Century financed, or is financing, the development of Stallion Run, Units 1, 2 and 4 and Del Caballo, Unit 3 in the District with funds provided by its parent company, Century Communities, Inc. The Developer is also the sole homebuilder in the District.

The Developer is wholly owned by Century Communities, Inc. ("Century Communities"). Century Communities is a publicly traded corporation whose stock is listed on the New York Stock Exchange under the trading symbol CCS. Audited financial statements for Century Communities can be found online at <https://investors.centurycommunities.com/financials-and-filings/annual-reports>. Century Communities is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Century Communities can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

## 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, or will be, financed with funds advanced by the Developer. It is expected that proceeds from sale of future issues of District Bonds will be used to reimburse the Developer for certain of the advances.

*Source of Water Supply:* Creedmoor-Maha Water Supply Corporation ("CMWSC") provides retail water service to all residents within the District pursuant to Non-Standard Service Agreement dated October 21, 2020 entered into by CMWSC and MR Stallion (the "Water Agreement"). The Water Agreement sets forth the terms and conditions pursuant to which CMWSC agreed to provide up to 645 equivalent single family connections ("ESFCs") of retail water service to customers within the District. MR Stallion subsequently assigns its rights, interest and obligations under the Water Agreement to the Developer, the Developer subsequently assigned rights under the Water Agreement to the District for limited purposes on March 22, 2024. The Developer remains responsible for the performance of all obligations, including the construction of facilities and payment of costs and fees, under the Water Agreement on behalf of the District. The Developer will fund and construct the water facilities required to serve customers within the District on behalf of the District. Upon completion, the facilities are conveyed to CMWSC for ownership and operation pursuant to Section 54.2351 of the Texas Water Code.

*Construction and Reimbursement Agreements:* MR Stallion and the District previously entered into entered into the following agreements (collectively, the "Construction and Reimbursement Agreements") setting forth the terms and conditions pursuant to which MR Stallion agreed to fund certain costs, and construct certain improvements (including water, wastewater, drainage and road facilities), on behalf of the District, and the District agreed to issue its bonds to reimburse eligible costs of MR Stallion together with allowable interest thereon: (i) that certain "Utility and Parks Construction and Reimbursement Agreement" dated June 16, 2021 relating to the 119.625-acre tract of real property more particularly described therein; (ii) that certain "Road Construction and Reimbursement Agreement" dated June 16, 2021 relating to the 119.625-acre of real property more particularly described therein; (iii) that certain "Utility and Parks Construction and Reimbursement Agreement" dated June 16, 2021 relating to the 59.782-acre tract of real property more particularly described therein; and (iv) that certain "Road Construction and Reimbursement Agreement" dated June 16, 2021 relating to the 59.782-acre tract of real property more particularly described therein. MR Stallion subsequently assigned its rights, duties and obligations under the Construction and Reimbursement Agreements to the Developer by instruments dated July 1, 2021 and July 6, 2023 in connection with the conveyance of real property in the District by MR Stallion to the Developer. Under the Construction and Reimbursement Agreements, the Developer is responsible for funding and constructing the water, sewer, drainage, recreation and road facilities on behalf of the District, and the District is responsible for reimbursement of eligible costs funded by the Developer through the issuance of bonds by the District under the terms and conditions set forth therein. Upon completion of construction, the water facilities are conveyed to CMWSC, and the wastewater and drainage facilities are conveyed to the District.

*Source of Wastewater Treatment:* The District's wastewater treatment is provided by a wastewater treatment plant (the "WWTP") and disposal system that provides 120,000 gallons per day ("gpd") of treatment and disposal capacity. According to the Engineer, the plant's current wastewater capacity is capable of serving a total of 400 ESFCs based on a design capacity of 300 gpd per ESFC. The District will expand the WWTP and disposal facilities as needed in order to complete the balance of the development. A portion of the proceeds from the sale of the Series 2025A Bonds will be used, in part, to reimburse the Developer for a portion of the construction costs for such facilities.

The District received a Notice of Violation from TCEQ dated October 22, 2024 alleging that the District failed to comply with the wastewater discharge permit effluent limit for Total Residual Chlorine monthly maximum (mg/L) for the monitoring periods ending March 31, 2024 through June 30, 2024. The District previously signed an Agreed Order to resolve the alleged violations. The Agreed Order provides for a \$9,000 penalty. The District has requested that TCEQ apply prior expenditures made by the District for improvements to the wastewater treatment facility against the proposed penalty amount. As of November 1, 2025, the TCEQ has not approved the proposed Agreed Order. According to the District's operator, the cause of the prior alleged violations has been resolved. The District does not believe that the prior alleged violations or TCEQ enforcement action will impact the District's ability to operate its wastewater treatment plant facility or to provide retail wastewater service to customers within the District.

### **100-Year Floodplain**

"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 and other improvements must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes and other improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to the District's Engineer, approximately 23 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.

### **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 on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of 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.

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## **Use and Distribution of Series 2025A Bond Proceeds**

The estimated use and distribution of the Series 2025A Bond proceeds is shown below. Of proceeds to be received from the sale of the Series 2025A Bonds, \$1,297,501 is estimated for construction costs and \$612,499 is estimated for non-construction costs.

### **CONSTRUCTION RELATED COSTS**

• Wastewater Treatment Plant.....	\$ 1,378,258
<b>Total Construction Related Costs.....</b>	<b>\$ 1,378,258</b>
<b>Less Surplus Construction Funds.....</b>	<b>\$ (80,757)</b>
<b>TOTAL CONSTRUCTION COST.....</b>	<b>\$ 1,297,501</b>

### **NON-CONSTRUCTION COSTS**

• Bond Discount (Estimated at 3.00%) (a).....	\$ 57,300
• Capitalized Interest (Twelve (12) Months Estimated at 5.25%) (a).....	100,275
• Developer Interest (Estimated).....	195,435
• Operating Expenses.....	79,144
<b>Total Non-Construction Costs.....</b>	<b>\$ 432,154</b>

### **ISSUANCE COSTS AND FEES**

• Issuance Costs and Professional Fees.....	\$ 131,660
• Bond Engineering Report Costs.....	42,000
• State Regulatory Fees.....	6,685
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 180,345</b>
<b>TOTAL BOND ISSUE REQUIREMENT.....</b>	<b>\$ 1,910,000</b>

(a) The TCEQ approved a maximum Bond Discount of 3.00% and twelve (12) months of capitalized interest at an estimated interest rate of 5.25%.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ notice or approval and the issuance of additional bonds may be required.

## **THE ROAD SYSTEM**

Unbridled Avenue is the major collector street serving the District. The road meets the City's criteria for collector roadway designation. All roadways are designed and constructed in accordance with City standards, rules, and regulations. Upon acceptance of roadway facilities, the City 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 Series 2025B Road Bond Proceeds" herein.

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### **Use and Distribution of Series 2025B Road Bond Proceeds**

The estimated use and distribution of the Series 2025B Road Bond proceeds is shown below. Of proceeds to be received from the sale of the Series 2025B Road Bonds, \$2,678,241 is estimated for construction costs and \$811,759 is estimated for non-construction costs.

#### **CONSTRUCTION RELATED COSTS**

• Stallion Run Unit 1.....	\$ 1,634,000
• Engineering.....	175,233
• Right-of-Way Land Costs.....	869,008
<b>Total Construction Related Costs.....</b>	<b>\$ 2,678,241</b>

#### **NON-CONSTRUCTION COSTS**

• Bond Discount (a).....	\$ 104,700
• Capitalized Interest (Twelve (12) Months) (a).....	183,225
• Developer Interest (Estimated).....	321,221
<b>Total Non-Construction Costs.....</b>	<b>\$ 609,146</b>

#### **ISSUANCE COSTS AND FEES**

• Issuance Costs and Professional Fees.....	\$ 185,163
• Engineering Report Costs.....	13,960
• Attorney General Fee (0.1%).....	3,490
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 202,613</b>

<b>TOTAL BOND ISSUE REQUIREMENT.....</b>	<b>\$ 3,490,000</b>
------------------------------------------	---------------------

(a) The District will capitalize twelve (12) months of interest at an estimated interest rate of 5.25% on the Series 2025 Road Bonds.

### **UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
5/1/2021	Water, Sanitary Sewer and Drainage	\$270,000,000	\$8,610,000 *	\$261,390,000
5/1/2021	Road Bonds	\$65,000,000	\$3,490,000 **	\$61,510,000
5/1/2021	Recreational Bonds	\$10,000,000	\$0	\$10,000,000
5/1/2021	Refunding Water, Sanitary Sewer and Drainage Bonds	\$420,000,000	\$0	\$420,000,000
5/1/2021	Refunding Road Bonds	\$97,500,000	\$0	\$97,500,000

\* Includes the Series 2025A Bonds.

\*\* Includes the Series 2025B Road Bonds.

## FINANCIAL STATEMENT (UNAUDITED)

2025 Taxable Assessed Valuation.....	\$82,388,012 (a)
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	\$91,484,805 (b)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds).....	\$12,100,000 (c)
Estimated Overlapping Debt .....	2,059,487 (d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$14,159,487
Ratios of Gross Direct Debt to:	
2025 Taxable Assessed Valuation.....	14.69%
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	13.23%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:	
2025 Taxable Assessed Valuation.....	17.19%
Estimated Taxable Assessed Valuation as of September 1, 2025 .....	15.48%

Area of District — 179 acres  
Estimated 2025 Population — 952 (e)

- (a) The 2025 Taxable Assessed Valuation shown herein includes \$77,531,205 of certified value and \$4,856,807 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Travis Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on September 1, 2025. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025 and September 1, 2025, will be certified as of January 1, 2026, and provided for purposes of taxation in the summer of 2026. See "TAX PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds."
- (d) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (e) Estimate based on 3.5 persons per occupied single-family residence.

### **Cash and Investment Balances** (unaudited as of October 15, 2025)

General Operating Fund	Cash and Temporary Investments	\$366,714 (a)
Capital Projects Fund	Cash and Temporary Investments	\$81,736
Debt Service Fund	Cash and Temporary Investments	\$295,876 (b)

- (a) See "RISK FACTORS—Operating Funds."
- (b) Twelve (12) months of capitalized interest will be deposited into such fund from proceeds of the Series 2025A Bonds and Series 2025B Road Bonds (estimated amounts of \$100,275 and \$183,225, respectively). Neither the Bond Resolutions nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

### **Outstanding Bonds** (as of October 1, 2025)

Series	Original Principal Amount	Outstanding Bonds (as of 10/1/25)
2024	\$ 6,700,000	\$ 6,700,000
Total	\$ 6,700,000	\$ 6,700,000



## ESTIMATED OVERLAPPING DEBT STATEMENT

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.

Taxing Jurisdiction	Outstanding Bonds (a)	As of	Overlapping	
			Percent	Amount
Travis County.....	\$ 1,169,850,000	9/30/2025	0.02%	\$ 198,875
City of Mustang Ridge.....	295,000	9/30/2025	16.05%	47,339
Travis County Healthcare District.....	157,670,000	9/30/2025	0.02%	28,381
Austin Community College District.....	657,685,000	9/30/2025	0.01%	92,076
Del Valle Independent School District.....	600,290,000	9/30/2025	0.28%	1,692,818
Total Estimated Overlapping Debt.....				\$ 2,059,487
Direct Debt.....	12,100,000 (b)	Current	100.00%	12,100,000
Total Direct and Estimated Overlapping Debt...				\$ 14,159,487
Ratio of Estimated Direct and Overlapping Debt to 2025 Taxable Assessed Valuation.....				17.19%
Ratio of Estimated Direct and Overlapping Debt to Estimate of Taxable Assessed Valuation as of September 1, 2025.....				15.48%

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

### Overlapping Taxes for 2025

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Travis County.....	\$ 0.375845
Del Valle Independent School District.....	0.948900
City of Mustang Ridge.....	0.270775
Travis County Healthcare District.....	0.118023
Austin Community College District.....	0.103400
Travis County ESD No. 11.....	0.100000
Total Overlapping Tax Rate.....	\$ 1.916943
The District.....	<u>\$ 0.900000</u>
Total Tax Rate.....	\$ 2.816943

## TAX DATA

### **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. Reference is made to such statements and records for further and complete information. See "— Summary of Assessed Valuation" herein.

Tax Year	Taxable Assessed		Tax Rate	Total Tax Levy	Total Collections as of September 30, 2025 (c)	
	Valuation (a)				Amount	Percent
2021	\$	265,812 (b)	\$ 0.6100	\$ 1,621	\$ 1,621	100.00%
2022		1,113,368	0.7725	8,601	8,601	100.00%
2023		16,981,927	0.9000	152,837	152,837	100.00%
2024		57,224,366	0.9000	515,019	514,601	99.92%
2025		82,388,012	0.9000	741,492	(d)	(d)

(a) As certified by the Appraisal District less any exemptions granted. See "Summary of Assessed Valuation" herein.

(b) Initial year of tax levy.

(c) Reflects unaudited collections.

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

Taxes are due when billed and become delinquent after January 31 of the following year. No split payments are allowed and no discounts are allowed.

### **Tax Rate Distribution**

	2025	2024	2023	2022	2021
Debt Service	\$ 0.4100	\$ 0.2000	\$ -	\$ -	\$ -
Maintenance and Operations (a)	0.4900	0.7000	0.9000	0.7725	0.6100
Total	\$ 0.9000	\$ 0.9000	\$ 0.9000	\$ 0.7725	\$ 0.6100

(a) See "RISK FACTORS—Operating Funds."

### **Tax Rate Limitations**

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

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

### **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 \$0.41 per \$100 assessed valuation.

### **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 1, 2021, 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 \$0.49 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 "RISK FACTORS—Operating Funds."

## **Tax 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 exempt any percentage of the market value of any residential homesteads from taxation.

## **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.”

## **Summary of Assessed Valuation**

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 2023 through 2025 Taxable Assessed Valuation. Accurate breakdowns of the uncertified portion (\$4,856,807) of the 2025 Taxable Assessed Valuation of \$82,388,012 and the Estimated Taxable Assessed Valuation as of September 1, 2025 of \$91,484,805, are not available. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	2025	2024	2023
Land	\$ 22,869,374	\$ 17,032,132	\$ 14,010,919
Improvements	56,761,758	40,351,509	2,971,008
Personal Property	17,367	44,817	238
Exemptions	(2,117,294)	(204,092)	(238)
Certified Total	\$ 77,531,205	\$ 57,224,366	\$ 16,981,927
Uncertified Value	4,856,807	-	-
Total	\$ 82,388,012	\$ 57,224,366	\$ 16,981,927

## **Principal Taxpayers**

The following table represents the principal taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the certified portion (\$77,531,205) of the 2025 Taxable Assessed Valuation. Accurate principal taxpayer lists related to the uncertified portion (\$4,856,807) of the 2025 Taxable Assessed Valuation of \$82,388,012 and the Estimated Taxable Assessed Valuation as of September 1, 2025, of \$91,484,805, are not available as of the date hereof.

Taxpayer	Type of Property	2025 Certified Taxable Assessed Valuation	% of 2025 Certified Taxable Assessed Valuation
Century Land Holdings II LLC (a)	Land & Improvements	\$ 9,326,162	12.03%
Fire House RE LLC	Land & Improvements	515,702	0.67%
Homeowner	Land & Improvements	391,978	0.51%
Homeowner	Land & Improvements	391,186	0.50%
Homeowner	Land & Improvements	390,407	0.50%
Homeowner	Land & Improvements	383,525	0.49%
Homeowner	Land & Improvements	383,096	0.49%
Homeowner	Land & Improvements	381,053	0.49%
Homeowner	Land & Improvements	380,260	0.49%
Homeowner	Land & Improvements	378,426	0.49%
Total		\$ 12,921,795	16.67%

(a) The Developer. See “THE DEVELOPER.”

## **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 \$82,388,012 (\$77,531,205 of certified value plus \$4,856,807 of uncertified value) or the Estimated Taxable Assessed Valuation as of September 1, 2025, of \$91,484,805. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service.

Average annual debt service requirement (2026-2050) .....	\$833,577
\$1.07 tax rate on the 2025 Taxable Assessed Valuation	
of \$82,388,012 at a 95% collection rate produces .....	\$837,474
\$0.96 tax rate on the Estimated Taxable Assessed Valuation as of September 1, 2025	
of \$91,484,805 at a 95% collection rate produces .....	\$834,341
Maximum annual debt service requirement (2049).....	\$890,038
\$1.14 tax rate on the 2025 Taxable Assessed Valuation	
of \$82,388,012 at a 95% collection rate produces .....	\$892,262
\$1.03 tax rate on the Estimated Taxable Assessed Valuation as of September 1, 2025	
of \$91,484,805 at a 95% collection rate produces .....	\$895,179

No representation or suggestion is made that the uncertified portion of the 2025 Taxable Assessed Valuation will not be adjusted downward or that the Estimated Taxable Assessed Valuation as of September 1, 2025 provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or its inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

## **TAX PROCEDURES**

### **Authority to Levy Taxes**

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

### **Property Tax Code and County-Wide Appraisal District**

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

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

## **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran if such rating is less than 100%. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such a veteran is entitled to the exemption for the full amount of the residential homestead. 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 of the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

***Residential Homestead Exemptions:*** The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. 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, the District, and the City (after annexation of the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

## **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. 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.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) 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 fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use, open space or timberland 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.

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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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, may be rejected. 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.

### **Rollback of Operation and Maintenance Tax Rate**

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

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

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

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

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

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

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes for 2024." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described 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. See "RISK FACTORS—General" and "—Tax Collection Limitations."

### **Tax Payment Installments After Disaster**

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



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

## GENERAL FUND OPERATIONS

### General

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

### Operating Statement

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

	Fiscal Year Ended September 30		
	2025 (a)	2024	2023 (b)
<b>Revenues</b>			
Property Taxes	\$ 402,841	\$ 151,757	\$ 8,601
Sewer Fees	246,006	106,156	12,223
Tap, Connection and Inspection Fees	-	1,775	1,150
Penalty and Interest	4,319	984	228
Developer Advances (c)	-	460,000	182,287
Investment and Miscellaneous Revenues	11,409	2,471	188
<b>Total Revenues</b>	<b>\$ 664,575</b>	<b>\$ 723,143</b>	<b>\$ 204,677</b>
<b>Expenditures</b>			
Professional Fees	\$ 115,824	\$ 64,867	\$ 54,023
Contracted Services	112,474	120,713	29,788
Utilities	34,019	20,875	1,149
Repairs and Maintenance	82,003	17,154	-
Other	34,873	305,977	173,207
Capital Outlay	-	24,000	-
<b>Total Expenditures</b>	<b>\$ 379,194</b>	<b>\$ 553,586</b>	<b>\$ 258,167</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 285,381</b>	<b>\$ 169,557</b>	<b>\$ (53,490)</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 119,971</b>	<b>\$ (49,586)</b>	<b>\$ 3,904</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 405,352</b>	<b>\$ 119,971</b>	<b>\$ (49,586)</b>

- (a) Unaudited, prepared by the Bookkeeper.  
(b) The District's first audited financial statements.  
(c) See "RISK FACTORS—Operating Funds."

## DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service on the Outstanding Bonds plus the estimated debt service on the Bonds at an estimated interest rate of 5.25% per annum.

Year	Outstanding Bonds Debt Service	Plus: The Series 2025A Bonds		Plus: The Series 2025B Road Bonds		Total Debt Service
	Requirements	Principal	Interest	Principal	Interest	Requirements
2026	\$ 436,650		\$ 75,206		\$ 137,419	\$ 649,275
2027	440,650	\$ 40,000	100,275	\$ 75,000	183,225	839,150
2028	439,250	45,000	98,175	80,000	179,288	841,713
2029	442,650	45,000	95,813	85,000	175,088	843,550
2030	443,900	50,000	93,450	90,000	170,625	847,975
2031	441,500	50,000	90,825	95,000	165,900	843,225
2032	443,900	55,000	88,200	100,000	160,913	848,013
2033	445,900	55,000	85,313	105,000	155,663	846,875
2034	447,500	60,000	82,425	110,000	150,150	850,075
2035	453,700	60,000	79,275	115,000	144,375	852,350
2036	454,300	65,000	76,125	120,000	138,338	853,763
2037	454,500	70,000	72,713	125,000	132,038	854,250
2038	458,981	75,000	69,038	135,000	125,475	863,494
2039	462,844	75,000	65,100	140,000	118,388	861,331
2040	465,731	80,000	61,163	145,000	111,038	862,931
2041	467,981	85,000	56,963	155,000	103,425	868,369
2042	469,594	90,000	52,500	165,000	95,288	872,381
2043	470,569	95,000	47,775	170,000	86,625	869,969
2044	470,475	100,000	42,788	180,000	77,700	870,963
2045	474,725	105,000	37,538	190,000	68,250	875,513
2046	477,625	110,000	32,025	200,000	58,275	877,925
2047	479,625	115,000	26,250	210,000	47,775	878,650
2048	480,725	120,000	20,213	220,000	36,750	877,688
2049	485,925	130,000	13,913	235,000	25,200	890,038
2050	-	135,000	7,088	245,000	12,863	399,950
Total	\$ 11,009,200	\$ 1,910,000	\$ 1,570,144	\$ 3,490,000	\$ 2,860,069	\$ 20,839,413

Average Annual Debt Service Requirements (2026-2050) .....\$833,577  
Maximum Annual Debt Service Requirement (2049).....\$890,038

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

## **No-Litigation Certificate**

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

## **TAX MATTERS**

### **Opinion**

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

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

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

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

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

## **Collateral Federal Income Tax Consequences**

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with 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 is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

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

### **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the 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.

### **Qualified Tax-Exempt Obligations for Financial Institutions**

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 55(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

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

## **SALE AND DISTRIBUTION OF THE BONDS**

### **Award of the Bonds**

After requesting competitive bids for the Series 2025A Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by \_\_\_\_\_ (the “Series 2025A Bond Initial Purchaser”) bearing the interest rates shown on the inside cover hereof, at a price of \_\_\_\_\_% of the par value thereof which resulted in a net effective interest rate of \_\_\_\_\_%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2025B Road Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by \_\_\_\_\_ (the “Series 2025B Road Bond Initial Purchaser”) bearing the interest rates shown on the inside cover hereof, at a price of \_\_\_\_\_% of the par value thereof which resulted in a net effective interest rate of \_\_\_\_\_%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

The Series 2025A Bond Initial Purchaser and the Series 2025B Road Bond Initial Purchaser shall be referred to herein collectively as the “Initial Purchasers.”

### **Prices and Marketability**

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchasers 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 Purchasers may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

### **Securities Laws**

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

## MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

Application has been made for the qualification of each series of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the applicable Initial Purchaser and at the applicable Initial Purchaser's expense. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

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

### **Financial Advisor**

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

### **Consultants**

In approving this Official Statement, the District has relied upon the following consultants.

*Engineer:* The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT," "THE SYSTEM," and "THE ROAD SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

*Appraisal District:* The information contained in this Official Statement relating to the assessed valuations has been provided by the 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.

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

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



*Bookkeeper:* The information related to the unaudited summary of the District's General Operating Fund as it appears in "GENERAL FUND OPERATIONS" has been provided from records of 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 Purchasers, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchasers elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchasers; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchasers, unless the Initial Purchasers notify the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

### **Certification of Official Statement**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Resolutions, the District has made the following agreement for the benefit of the Registered and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

### **Annual Reports**

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its 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 "FINANCIAL STATEMENT," "TAX DATA," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and 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 "Rule"). 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 within the required time, and audited financial statements when and if such audited financial statements become 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 Resolutions make 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 under “—Annual Reports.”

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

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as

nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolutions 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 Purchasers 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 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 entered into its first continuing disclosure agreement in connection with the issuance of its Unlimited Tax Bonds, Series 2024. The District has complied in all material respects with its continuing disclosure agreement in accordance with SEC Rule 15c2-12.

### **MISCELLANEOUS**

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

This Official Statement was approved by the Board of Directors of Travis County Municipal Utility District No. 26, as of the date shown on the cover page.

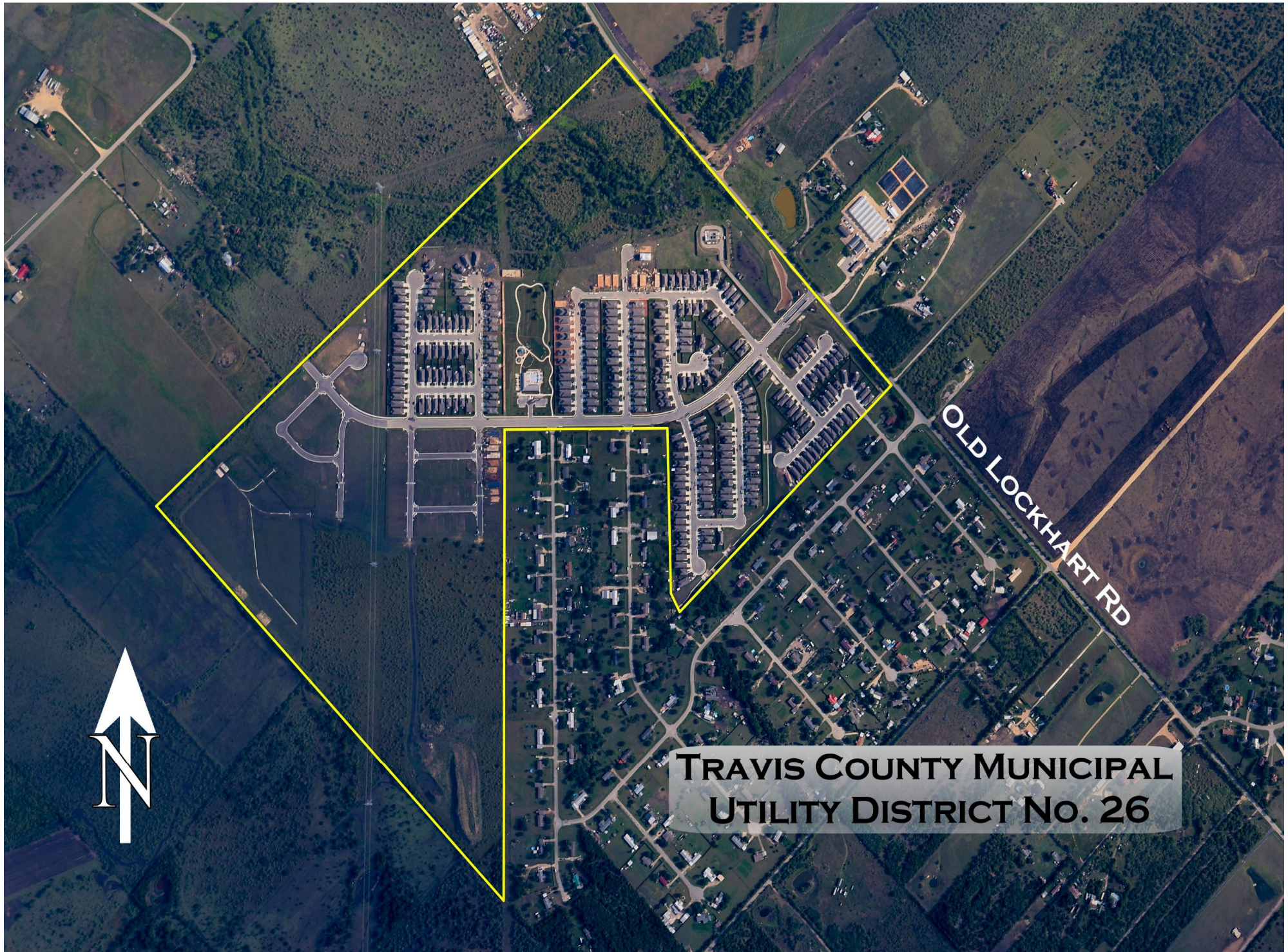
/s/ \_\_\_\_\_  
President, Board of Directors

ATTEST:

/s/ \_\_\_\_\_  
Secretary, Board of Directors

**AERIAL PHOTOGRAPH**  
**(As of July 2025)**





**TRAVIS COUNTY MUNICIPAL  
UTILITY DISTRICT No. 26**



**PHOTOGRAPHS OF THE DISTRICT**  
**(As of July 2025)**



















## **APPENDIX A**

### **Independent Auditor's Report and Financial Statements of the District for the Fiscal Year Ended September 30, 2024**

**TRAVIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 26**

**TRAVIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2024**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**  
Certified Public Accountants

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THE STATE OF TEXAS                                 }  
COUNTY OF TRAVIS                                 }

Travis County Municipal Utility District No. 26  
(Name of District)

Form TCEQ - 0723 (Rev. 07/2012)



# ***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. 26  
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. 26 (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.

### **Change in Accounting Principle**

As described in Note 7 to the financial statements, the District's government-wide financial statements as of and for the year ended September 30, 2023 have been restated for certain accounting changes. Our opinions are not modified with respect to these matters.

### **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.

### **Responsibilities of Management for the Financial Statements (Continued)**

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.

### **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 15, 2025

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Management's discussion and analysis of Travis County Municipal Utility District No. 26'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, property tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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 \$2,075,812 as of September 30, 2024. A portion of the District's net position reflects its net investment in capital assets (construction in progress, water, wastewater and drainage facilities and road 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. The fiscal year ending 2023 balances have been restated as discussed in Note 7 to the financial statements.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**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		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 721,707	\$ 42,047	\$ 679,660
Capital Assets (Net of Accumulated Depreciation)	19,909,821	7,707,275	12,202,546
Total Assets	\$ 20,631,528	\$ 7,749,322	\$ 12,882,206
Due to Developer	\$ 15,987,989	\$ 8,144,296	\$ (7,843,693)
Bonds Payable	6,626,095	-	(6,626,095)
Other Liabilities	93,256	91,633	(1,623)
Total Liabilities	\$ 22,707,340	\$ 8,235,929	\$ (14,471,411)
Net Position:			
Net Investment in Capital Assets	\$ (2,057,527)	\$ (143,684)	\$ (1,913,843)
Restricted	423,807	-	423,807
Unrestricted	(442,092)	(342,923)	(99,169)
Total Net Position	\$ (2,075,812)	\$ (486,607)	\$ (1,589,205)

The following table provides a summary of the District's operations for the years ended September 30, 2024, and September 30, 2023. The fiscal year ending 2023 balances have been restated as discussed in Note 7 to the financial statements.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 152,837	\$ 8,601	\$ 144,236
Charges for Services	131,025	13,601	117,424
Other Revenues	5,051	188	4,863
Total Revenues	\$ 288,913	\$ 22,390	\$ 266,523
Expenses for:			
Services	\$ 948,013	\$ 401,851	\$ (546,162)
Developer Interest	386,484		(386,484)
Debt Service	543,621		(543,621)
Total Expenses	\$ 1,878,118	\$ 401,851	\$ (1,476,267)
Change in Net Position	\$ (1,589,205)	\$ (379,461)	\$ (1,209,744)
Net Position, Beginning of Year	(486,607)	(107,146)	(379,461)
Net Position, End of Year	\$ (2,075,812)	\$ (486,607)	\$ (1,589,205)

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26  
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 \$658,100, an increase of \$707,686 from the prior year.

The General Fund fund balance increased by \$169,557, primarily due to developer advances and operating revenues exceeding operating and capital outlay.

The Debt Service Fund fund balance increased by \$454,536, primarily due to the Series 2024 Bonds issued during the year.

The Capital Projects Fund fund balance increased by \$83,593. The District sold its Series 2024 Bonds and used the proceeds to reimburse the developer for utility improvements, related engineering, prior year operating costs, developer advances, developer interest and bond issuance costs (see Note 12).

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current fiscal year and amended the budget. Actual revenues were \$21,550 more than budgeted revenues, primarily due to higher than expected sewer fees revenue. Actual expenditures were \$48,007 less than budgeted expenditures primarily due to lower than expected inspection fees and sludge hauling costs offset by unbudgeted capital outlay. Actual developer advances were \$100,000 more than budgeted.

**CAPITAL ASSETS**

Capital assets as of September 30, 2024, totaled \$19,909,821 (net of accumulated depreciation) and include construction in progress, water, wastewater and drainage facilities and road improvements. Water facilities are conveyed to Creedmoor-Maha Water Supply Corporation for the purpose of providing water service to District residents. Road improvements are dedicated to the City by the developer and the District is responsible for maintaining the road improvements. The District is entitled to significant residual interest in the facilities and improvements conveyed and continues to record these facilities as District assets and records depreciation on these facilities and improvements in accordance with GASB Statement No. 94.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated -			
Construction in Progress	\$ 24,000	\$	\$ 24,000
Capital Assets, Net of Accumulated Depreciation:			
Water, Wastewater and Drainage Facilities	14,442,986	5,111,227	9,331,759
Road Improvements	5,442,835	2,596,048	2,846,787
Total Net Capital Assets	<u>\$ 19,909,821</u>	<u>\$ 7,707,275</u>	<u>\$ 12,202,546</u>

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$6,700,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, October 1, 2023	\$ - 0 -
Add: Bond Sale	<u>6,700,000</u>
Bond Debt Payable, September 30, 2024	<u><u>\$ 6,700,000</u></u>

As of September 30, 2024, the District's Series 2024 bonds were unrated.

**CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS**

The adopted budget for fiscal year 2025 projects an increase of \$18,157 to the General Fund fund balance. Revenues and expenditures are expected to be \$506,957 and \$488,800, respectively. The District approved a tax rate for tax year 2024 (fiscal year 2025) of \$0.90. The tax rate is allocated 78% to fund operations and maintenance and 22% 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. 26, c/o McLean & Howard, LLP, 4301 Bull Creek Road, Suite 150, Austin, Texas 78731.



**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 128,212	\$
Investments	59,759	432,426
Receivables:		
Property Taxes	1,080	
Service Accounts (Net of Allowance for Doubtful Accounts of \$-0-)	14,122	
Due from Other Funds	2,515	22,110
Capital Assets (Net of Accumulated Depreciation):		
Construction in Progress		
Water, Wastewater and Drainage Facilities		
Road Improvements		
<b>TOTAL ASSETS</b>	<u>\$ 205,688</u>	<u>\$ 454,536</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 51,427	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds	22,110	
Security Deposits	11,100	
Long-Term Liabilities -		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 84,637</u>	<u>\$ -0-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 1,080	\$ -0-
<b>FUND BALANCES</b>		
Restricted for Authorized Construction	\$	\$
Restricted for Debt Service		454,536
Assigned for Road Maintenance	75,000	
Unassigned	44,971	
<b>TOTAL FUND BALANCES</b>	<u>\$ 119,971</u>	<u>\$ 454,536</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 205,688</u>	<u>\$ 454,536</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$	\$	\$
86,108	128,212		128,212
	578,293		578,293
	1,080		1,080
	14,122		14,122
	24,625	(24,625)	
		24,000	24,000
		14,442,986	14,442,986
		5,442,835	5,442,835
<u>\$ 86,108</u>	<u>\$ 746,332</u>	<u>\$ 19,885,196</u>	<u>\$ 20,631,528</u>
\$	\$	\$	\$
	51,427		51,427
		30,729	30,729
		15,987,989	15,987,989
2,515	24,625	(24,625)	
	11,100		11,100
		6,626,095	6,626,095
<u>\$ 2,515</u>	<u>\$ 87,152</u>	<u>\$ 22,620,188</u>	<u>\$ 22,707,340</u>
<u>\$ -0-</u>	<u>\$ 1,080</u>	<u>\$ (1,080)</u>	<u>\$ -0-</u>
\$	\$	\$	\$
83,593	83,593	(83,593)	
	454,536	(454,536)	
	75,000	(75,000)	
	44,971	(44,971)	
<u>\$ 83,593</u>	<u>\$ 658,100</u>	<u>\$ (658,100)</u>	<u>\$ -0-</u>
<u>\$ 86,108</u>	<u>\$ 746,332</u>		
		\$ (2,057,527)	\$ (2,057,527)
		423,807	423,807
		(442,092)	(442,092)
		<u>\$ (2,075,812)</u>	<u>\$ (2,075,812)</u>

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

Total Fund Balances - Governmental Funds	\$	658,100
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		19,909,821
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Deferred tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		1,080
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The liabilities at year end consisted of the following:

Accrued Interest Payable	(30,729)	
Due to Developer	(15,987,989)	
Bonds Payable, Due After One Year	<u>(6,626,095)</u>	<u>(22,644,813)</u>

Total Net Position - Governmental Activities	\$	<u><u>(2,075,812)</u></u>
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The accompanying notes to the financial  
statements are an integral part of this report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 151,757	\$
Sewer Fees	106,156	
Tax Rebate		22,110
Tap Connection and Inspection Fees	1,775	
Penalty and Interest	984	
Investment and Other Revenues	2,471	2,451
<b>TOTAL REVENUES</b>	<u>\$ 263,143</u>	<u>\$ 24,561</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 64,867	\$
Contracted Services	120,713	
Utilities	20,875	
Repairs and Maintenance	17,154	
Depreciation		
Other	305,977	
Prior Year Creation Costs/Advance Repayment		
Capital Outlay	24,000	
Developer Interest		
Debt Service -		
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 553,586</u>	<u>\$ -0-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>		
<b>OVER (UNDER) EXPENDITURES/EXPENSES</b>	<u>\$ (290,443)</u>	<u>\$ 24,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$	\$ 429,975
Bond Discount		
Developer Advances	460,000	
<b>TOTAL OTHER FINANCING SOURCES (USES), NET</b>	<u>\$ 460,000</u>	<u>\$ 429,975</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 169,557</u>	<u>\$ 454,536</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>OCTOBER 1, 2023, AS REPORTED</b>	(49,586)	
<b>CHANGE DUE TO NEW ACCOUNTING GUIDANCE</b>		
<b>FUND BALANCES/NET POSITION -</b>		
<b>OCTOBER 1, 2023, AS RESTATED</b>	(49,586)	
<b>FUND BALANCES/NET POSITION -</b>		
<b>SEPTEMBER 30, 2024</b>	<u>\$ 119,971</u>	<u>\$ 454,536</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 151,757	\$ 1,080	\$ 152,837
	106,156		106,156
	22,110		22,110
	1,775		1,775
	984		984
129	5,051		5,051
<u>\$ 129</u>	<u>\$ 287,833</u>	<u>\$ 1,080</u>	<u>\$ 288,913</u>
\$	\$ 64,867	\$	\$ 64,867
	120,713		120,713
	20,875		20,875
	17,154		17,154
		303,777	303,777
	305,977		305,977
304,844	304,844	(190,194)	114,650
4,908,436	4,932,436	(4,932,436)	
386,484	386,484		386,484
512,575	512,575	31,046	543,621
<u>\$ 6,112,339</u>	<u>\$ 6,665,925</u>	<u>\$ (4,787,807)</u>	<u>\$ 1,878,118</u>
<u>\$ (6,112,210)</u>	<u>\$ (6,378,092)</u>	<u>\$ 4,788,887</u>	<u>\$ (1,589,205)</u>
\$ 6,270,025	\$ 6,700,000	\$ (6,700,000)	\$
(74,222)	(74,222)	74,222	
	460,000	(460,000)	
<u>\$ 6,195,803</u>	<u>\$ 7,085,778</u>	<u>\$ (7,085,778)</u>	<u>\$ -0-</u>
\$ 83,593	\$ 707,686	\$ (707,686)	\$
		(1,589,205)	(1,589,205)
	(49,586)	(3,012,420)	(3,062,006)
		2,575,399	2,575,399
	(49,586)	(437,021)	(486,607)
<u>\$ 83,593</u>	<u>\$ 658,100</u>	<u>\$ (2,733,912)</u>	<u>\$ (2,075,812)</u>

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**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	\$ 707,686
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	1,080
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(303,777)
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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.	4,932,436
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Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	73,905
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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.	(30,729)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(6,700,000)
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Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.	(269,806)
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Change in Net Position - Governmental Activities	\$ <u>(1,589,205)</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 1. CREATION OF DISTRICT**

Travis County Municipal Utility District No. 26 (the “District”) was created, organized and established on January 22, 2021 and confirmed at an election held on May 1, 2021. 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 February 8, 2021.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

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:

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

Financial Statement Presentation (Continued)

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

When 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 fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. 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.



**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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 all funds to be major funds.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, property tax revenues, costs and general expenditures.

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

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

Basis of Accounting

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

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**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

Capital assets, which include construction in progress, water, wastewater and drainage infrastructure assets and road improvements, 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 and road improvements are 50 years.

Water facilities are conveyed to Creedmoor-Maha Water Supply Corporation for the purpose of providing water service to the District residents. Road improvements are dedicated by the developer to the City while the District retains responsibility for maintenance. The District is entitled to significant residual interest in the facilities and improvements conveyed and records these facilities and improvements as District assets and records depreciation on these facilities and improvements in accordance with GASB Statement No. 94 (see Notes 7 and 10).

Budgeting

An unappropriated budget was adopted on September 20, 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 amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

Pensions

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

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

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

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned \$75,000 for future road maintenance through approval of the District's fiscal year 2025 budget.

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

Measurement Focus (Continued)

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

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**

The changes in bonds payable for the current fiscal year are summarized below:

	October 1, 2023	Additions	Retirements	September 30, 2024
Bonds Payable	\$	\$ 6,700,000	\$	\$ 6,700,000
Unamortized Discounts		(74,222)	(317)	(73,905)
Bonds Payable, Net	<u>\$ -0-</u>	<u>\$ 6,625,778</u>	<u>\$ (317)</u>	<u>\$ 6,626,095</u>
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		6,626,095
		Bonds Payable, Net		<u>\$ 6,626,095</u>

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

	<u>Series 2024</u>
Amount Outstanding – September 30, 2024	\$ 6,700,000
Interest Rates	4.00% - 5.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2026/2049
Interest Payment Dates	March 1/ September 1
Callable Dates	September 1, 2030*

\*Or any date thereafter, in whole or from time to time in part, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. Series 2024 term bonds maturing on September 1, 2032, 2034, 2036, 2038, 2040, 2042, 2044, 2046 and 2049 are subject to mandatory redemption beginning on September 1, 2031, 2033, 2035, 2037, 2039, 2041, 2043, 2045 and 2047, respectively.

As of September 30, 2024, the District had authorized but unissued bonds in the amount of \$263,300,000 for water, wastewater and drainage system facilities, \$10,000,000 for parks and recreation facilities and \$65,000,000 for roads. The District also had authorized but unissued bonds in the amount of \$420,000,000 for refunding utility and park and recreational facilities bonds and \$97,500,000 for refunding road bonds. As of September 30, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$ 293,816	\$ 293,816
2026	150,000	286,650	436,650
2027	160,000	280,650	440,650
2028	165,000	274,250	439,250
2029	175,000	267,650	442,650
2030-2034	1,005,000	1,217,700	2,222,700
2035-2039	1,290,000	994,326	2,284,326
2040-2044	1,650,000	694,349	2,344,349
2045-2049	2,105,000	293,625	2,398,625
	<u>\$ 6,700,000</u>	<u>\$ 4,603,016</u>	<u>\$ 11,303,016</u>

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

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

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

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The bond order states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to certain information repositories. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount and the bank balance of the District's deposits were both \$128,212. The District was not exposed to custodial credit risk at year-end.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

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

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

The District invests in 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 Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 59,759	\$ 59,759
<u>DEBT SERVICE FUND</u>		
TexPool	432,426	432,426
<u>CAPITAL PROJECTS FUND</u>		
TexPool	86,108	86,108
<b>TOTAL INVESTMENTS</b>	<u><u>\$ 578,293</u></u>	<u><u>\$ 578,293</u></u>

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

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 6. MAINTENANCE TAX**

On May 1, 2021, 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 \$0.90 per \$100 of assessed valuation, which resulted in a tax levy of \$152,837 on the adjusted taxable valuation of \$16,981,927 for the 2023 tax year.



**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 7. CAPITAL ASSETS**

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

	October 1, 2023*	Increases	Decreases	September 30, 2024
<b>Capital Assets Not Being Depreciated -</b>				
Construction in Progress	\$ -0-	\$ 24,000	\$ -0-	\$ 24,000
<b>Capital Assets Subject to Depreciation -</b>				
Water, Wastewater and Drainage Facilities	\$ 5,206,514	\$ 9,557,986	\$ -0-	\$ 14,764,500
Road Improvements	2,644,445	2,924,337		5,568,782
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 7,850,959</u>	<u>\$ 12,482,323</u>	<u>\$ -0-</u>	<u>\$ 20,333,282</u>
<b>Accumulated Depreciation -</b>				
Water, Wastewater and Drainage Facilities	\$ (95,287)	\$ (226,227)	\$ -0-	\$ (321,514)
Road Improvements	(48,397)	(77,550)		(125,947)
<b>Total Accumulated Depreciation</b>	<u>\$ (143,684)</u>	<u>\$ (303,777)</u>	<u>\$ -0-</u>	<u>\$ (447,461)</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 7,707,275</u>	<u>\$ 12,178,546</u>	<u>\$ -0-</u>	<u>\$ 19,885,821</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 7,707,275</u></u>	<u><u>\$ 12,202,546</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 19,909,821</u></u>

\* As restated

In accordance with the Non-Standard Service Agreement with Creedmoor-Maha Water Supply Corporation (the "WSC"), upon completion of construction, certain water improvements have been conveyed to the WSC. The District is entitled to significant residual interest in the facilities conveyed and records these facilities as District assets in accordance with GASB Statement No. 94. The assets were reclassified from intangible to capital assets.

Per the Consent Agreement, the District is responsible for maintenance of the road improvements located in the District. While road improvements are dedicated to the City by the developer of the lands in the District, the District has residual interest in the facilities conveyed and records these facilities as District assets in accordance with GASB Statement No. 94.

**NOTE 8. 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 \$15,424,846 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 Developer to fund operating costs of the District. As of fiscal year end, the Developer has advanced a total of \$563,143 to cover operating deficits.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 8. UNREIMBURSED COSTS (Continued)**

The following activity occurred during fiscal year 2024 related to developer liabilities:

Due to Developers, October 1, 2023	\$ 8,144,296
Add: Additional Amounts Owed	12,942,323
Less: Amounts Paid	<u>5,098,630</u>
Due to Developers, September 30, 2024	<u>\$ 15,987,989</u>

**NOTE 9. CONSENT AGREEMENT - CITY OF MUSTANG RIDGE**

On May 11, 2020, the Developer entered into the Consent Agreement with the City of Mustang Ridge (the “City”). As part of the Consent Agreement, the City agrees to collect and pay the District a portion of the ad valorem taxes collected by the City in future years on the land and improvements within the District (the “Annual Payment”). The Annual Payment shall be a payment of a portion of the City’s ad valorem tax revenues actually collected and received by the City. The Annual Payment shall begin on May 1 in the calendar year following the calendar year for which the District initially receives a tax roll from the appropriate county appraisal District and shall be payable each May 1 thereafter. All Annual Payments received by the District from the City shall be deposited by the District into a debt service fund and shall be applied solely to the payment of bonds and other debts, liabilities and obligations of the District to or for the benefit of any persons or entities relating to the financing, construction and acquisition of all or any portion of the public infrastructure improvements to be financed by the District. During the year ended September 30, 2024, \$22,110 related to the Annual Payment was collected.

**NOTE 10. WATER SERVICE AGREEMENT**

On October 21, 2020, as amended and assigned, the Developer entered into a Non-Standard Service Agreement with Creedmoor-Maha Water Supply Corporation (the “WSC”). The Service Agreement set forth the terms and conditions under which the WSC agreed to furnish retail water service to customers within the District.

Under the Service Agreement, the District through the Developer, will construct and finance water system facilities required for retail water service within the District. Upon completion of construction, the water system facilities are conveyed to the WSC for operation and maintenance and the WSC is responsible for meter reading, billing and furnishing retail water service to customers within the District. The Service Agreement shall remain in effect for as long as the WSC provides retail water service to property within the District.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from the Texas Municipal League Intergovernmental Risk Pool (“TML Pool”) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established claims reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

**NOTE 12. BOND SALE**

On August 22, 2024, the District issued \$6,700,000 of Unlimited Tax Bonds, Series 2024, with interest rates ranging from 4.00% to 5.00%. The net proceeds of \$6,115,718 (after payment of the underwriting fees and other issuance costs) were used to finance developer funded construction costs related to the wastewater treatment plant and prior year operating costs and advances and to pay future bond interest and subsequent bond issue costs.

**TRAVIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 26**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2024**

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 154,146	\$ 154,146	\$ 151,757	\$ (2,389)
Sewer Fees	18,000	82,000	106,156	24,156
Tap Connection and Inspection Fees	82,000	2,750	1,775	(975)
Penalty and Interest	15	1,450	984	(466)
Investment and Other Revenues	<u>155</u>	<u>1,247</u>	<u>2,471</u>	<u>1,224</u>
<b>TOTAL REVENUES</b>	<u>\$ 254,316</u>	<u>\$ 241,593</u>	<u>\$ 263,143</u>	<u>\$ 21,550</u>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 88,000	\$ 76,000	\$ 64,867	\$ 11,133
Contracted Services	113,900	123,500	120,713	2,787
Utilities	37,500	25,000	20,875	4,125
Repairs and Maintenance	17,500	10,000	17,154	(7,154)
Other	56,670	367,093	305,977	61,116
Capital Outlay	<u></u>	<u></u>	<u>24,000</u>	<u>(24,000)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 313,570</u>	<u>\$ 601,593</u>	<u>\$ 553,586</u>	<u>\$ 48,007</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>\$ (59,254)</u>	<u>\$ (360,000)</u>	<u>\$ (290,443)</u>	<u>\$ 69,557</u>
<b>OTHER FINANCING SOURCES</b>				
Developer Advances	<u>\$ 59,254</u>	<u>\$ 360,000</u>	<u>\$ 460,000</u>	<u>\$ 100,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ -0-	\$ -0-	\$ 169,557	\$ 169,557
<b>FUND BALANCE - OCTOBER 1, 2023</b>	<u>(49,586)</u>	<u>(49,586)</u>	<u>(49,586)</u>	<u></u>
<b>FUND BALANCE - SEPTEMBER 30, 2024</b>	<u>\$ (49,586)</u>	<u>\$ (49,586)</u>	<u>\$ 119,971</u>	<u>\$ 169,557</u>

See accompanying independent auditor's report.

**TRAVIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 26  
SUPPLEMENTARY INFORMATION REQUIRED BY THE  
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE  
SEPTEMBER 30, 2024**

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>      </u>	Retail Water	<u>      </u>	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	<u>      </u>	Wholesale Wastewater	<u>      </u>	Irrigation
<u>  X  </u>	Parks/Recreation	<u>      </u>	Fire Protection	<u>      </u>	Security
<u>      </u>	Solid Waste/Garbage	<u>      </u>	Flood Control	<u>  X  </u>	Roads
<u>      </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u>      </u>	Other:				

**2. RETAIL SERVICE PROVIDERS**

**a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):**

Based on the rate order approved May 19, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	N/A*				
WASTEWATER:	\$75.00	-0-	Y	N/A	N/A
SURCHARGE:	0.5%**				
District employs winter averaging for wastewater usage?					<u>      </u> <u>  X  </u> Yes No

Total monthly charges per 10,000 gallons usage: Water: N/A Wastewater: \$75.00 Surcharge: \$0.38

\* Water service is provided by Creedmoor-Maha Water Supply Corporation. See Note 10.

\*\*Surcharge above is for the TCEQ regulatory assessment.

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤¾"	_____	_____	x 1.0	_____
1"	_____	_____	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	<u>N/A*</u>	<u>N/A*</u>		<u>N/A*</u>
Total Wastewater Connections	<u>242</u>	<u>226</u>	x 1.0	<u>226</u>

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

Gallons purchased:	N/A*	Water Accountability Ratio: (Gallons billed/Gallons purchased)
Gallons billed to customers:	N/A*	<u>N/A*</u>

**4. STANDBY FEES (authorized only under TWC Section 49.231):**

Does the District have Debt Service standby fees? Yes      No X

Does the District have Operation and Maintenance standby fees? Yes      No X

\*Water service is provided by Creedmoor-Maha Water Supply Corporation. See Note 10.

See accompanying independent auditor's report.



**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

**5. 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 District located within a city?

Entirely     X                    Partly                                Not at all              

City in which District is located:

City of Mustang Ridge, Texas

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

Entirely                               Partly                                Not at all      X  

ETJ in which District is located:

N/A

Are Board Members appointed by an office outside the District?

Yes                                No      X  

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

PROFESSIONAL FEES:

Auditing	\$ 10,250
Engineering	31,712
Legal	19,905
Financial Advisor	<u>3,000</u>

TOTAL PROFESSIONAL FEES	<u>\$ 64,867</u>
-------------------------	------------------

CONTRACTED SERVICES:

Appraisal District	\$ 801
Bookkeeping	48,225
Operations and Billing	71,263
Tax Collector	<u>424</u>

TOTAL CONTRACTED SERVICES	<u>\$ 120,713</u>
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UTILITIES -

Electricity	<u>\$ 20,875</u>
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REPAIRS AND MAINTENANCE	<u>\$ 17,154</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 5,472
Insurance	2,912
Legal Notices	4,792
Office Supplies and Postage	523
Travel and Meetings	2,047
Other	<u>5,433</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 21,179</u>
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CAPITAL OUTLAY	<u>\$ 24,000</u>
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OTHER EXPENDITURES:

Chemicals	\$ 9,545
Laboratory Fees	8,585
Permit Fees	620
Regulatory Assessment	560
Sludge Hauling	<u>265,488</u>

TOTAL OTHER EXPENDITURES	<u>\$ 284,798</u>
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TOTAL EXPENDITURES	<u>\$ 553,586</u>
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See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**INVESTMENTS**  
**SEPTEMBER 30, 2024**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 410	\$
TexPool	XXXX0003	Varies	Daily	1,030	
TexPool	XXXX0005	Varies	Daily	58,319	
TOTAL GENERAL FUND				<u>\$ 59,759</u>	<u>\$</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 432,426</u>	<u>\$</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	<u>\$ 86,108</u>	<u>\$</u>
TOTAL - ALL FUNDS				<u><u>\$ 578,293</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
OCTOBER 1, 2023	\$     -0-	
Adjustments to Beginning		
Balance	<u>                    </u>	\$     -0-
Original 2023 Tax Levy	\$    157,290	
Adjustment to 2023 Tax Levy	<u>     (4,453)     </u>	<u>     152,837     </u>
TOTAL TO BE		
ACCOUNTED FOR		\$    152,837
 TAX COLLECTIONS:		
Prior Years	\$	
Current Year	<u>     151,757     </u>	<u>     151,757     </u>
 TAXES RECEIVABLE -		
SEPTEMBER 30, 2024		<u><u>          \$    1,080    </u></u>

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:			
Land	\$ 14,010,919	\$ 2,307,218	\$ 1,402,331
Improvements	2,971,008	-	-
Personal Property	238	-	-
Exemptions	<u>(238)</u>	<u>(1,193,850)</u>	<u>(1,136,519)</u>
TOTAL PROPERTY VALUATIONS (a)	<u>\$ 16,981,927</u>	<u>\$ 1,113,368</u>	<u>\$ 265,812</u>
TAX RATES PER \$100 VALUATION -			
Maintenance	<u>\$ 0.9000</u>	<u>\$ 0.7725</u>	<u>\$ 0.6100</u>
ADJUSTED TAX LEVY*	<u>\$ 152,837</u>	<u>\$ 8,601</u>	<u>\$ 1,621</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED **	<u>99.29 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

- (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 1, 2021.

- \* 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.

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**SEPTEMBER 30, 2024**

S E R I E S - 2 0 2 4			
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$	\$ 293,816	\$ 293,816
2026	150,000	286,650	436,650
2027	160,000	280,650	440,650
2028	165,000	274,250	439,250
2029	175,000	267,650	442,650
2030	185,000	258,900	443,900
2031	190,000	251,500	441,500
2032	200,000	243,900	443,900
2033	210,000	235,900	445,900
2034	220,000	227,500	447,500
2035	235,000	218,700	453,700
2036	245,000	209,300	454,300
2037	255,000	199,500	454,500
2038	270,000	188,982	458,982
2039	285,000	177,844	462,844
2040	300,000	165,732	465,732
2041	315,000	152,982	467,982
2042	330,000	139,593	469,593
2043	345,000	125,567	470,567
2044	360,000	110,475	470,475
2045	380,000	94,725	474,725
2046	400,000	77,625	477,625
2047	420,000	59,625	479,625
2048	440,000	40,725	480,725
2049	465,000	20,925	485,925
	<u>\$ 6,700,000</u>	<u>\$ 4,603,016</u>	<u>\$ 11,303,016</u>

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding October 1, 2023
Travis County Municipal Utility District No. 26 Unlimited Tax Bonds - Series 2024	\$ 6,700,000	\$
TOTAL	\$ 6,700,000	\$ - 0 -

Bond Authority:	Utility Tax Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	\$ 270,000,000	\$ 10,000,000	\$ 65,000,000
Amount Issued	<u>6,700,000</u>	<u></u>	<u></u>
Remaining to be Issued	<u>\$ 263,300,000</u>	<u>\$ 10,000,000</u>	<u>\$ 65,000,000</u>

Debt Service Fund cash and investment balances as of September 30 2024: \$ 432,426

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 452,121

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

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding September 30, 2024	Paying Agent
	Principal	Interest		
\$ 6,700,000	\$	\$	\$ 6,700,000	BOKF, NA Dallas, Texas
\$ 6,700,000	\$ - 0 -	\$ - 0 -	\$ 6,700,000	
Refunding Utility and Park Bonds	Refunding Road Bonds			
\$ 420,000,000	\$ 97,500,000			
\$ 420,000,000	\$ 97,500,000			

See accompanying independent auditor's report.



**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FOUR YEARS**

	Amounts		
	2024	2023	2022*
<b>REVENUES</b>			
Property Taxes	\$ 151,757	\$ 8,601	\$ 1,621
Sewer Fees	106,156	12,223	
Tap, Connection and Inspection Fees	1,775	1,150	
Penalty and Interest	984	228	2
Developer Advances	460,000	182,287	63,619
Investment and Miscellaneous Revenues	<u>2,471</u>	<u>188</u>	<u>6</u>
<b>TOTAL REVENUES</b>	<u>\$ 723,143</u>	<u>\$ 204,677</u>	<u>\$ 65,248</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 64,867	\$ 54,023	\$ 38,735
Contracted Services	120,713	29,788	16,756
Utilities	20,875	1,149	
Repairs and Maintenance	17,154		
Other	305,977	173,207	9,467
Capital Outlay	<u>24,000</u>	<u></u>	<u></u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 553,586</u>	<u>\$ 258,167</u>	<u>\$ 64,958</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 169,557	\$ (53,490)	\$ 290
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>(49,586)</u>	<u>3,904</u>	<u>3,614</u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u><u>\$ 119,971</u></u>	<u><u>\$ (49,586)</u></u>	<u><u>\$ 3,904</u></u>
<b>TOTAL ACTIVE WASTEWATER CONNECTIONS</b>	<u>226</u>	<u>46</u>	<u>N/A</u>

\*Unaudited

See accompanying independent auditor's report.

Percentage of Total Revenues					
2021*	2024	2023	2022*	2021*	
\$	21.1 %	4.1 %	2.5 %		%
	14.7	6.0			
	0.2	0.6			
	0.1	0.1			
47,431	63.6	89.1	97.5	100.0	
	0.3	0.1			
\$ 47,431	100.0 %	100.0 %	100.0 %	100.0 %	
\$ 28,305	9.0 %	26.3 %	59.4 %	59.7 %	
5,294	16.7	14.6	25.7	11.2	
	2.9	0.6			
	2.4				
10,218	42.3	84.6	14.5	21.5	
	3.3				
\$ 43,817	76.6 %	126.1 %	99.6 %	92.4 %	
\$ 3,614	23.4 %	(26.1) %	0.4 %	7.6 %	
\$ 3,614					
N/A					

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FOUR YEARS**

	Amounts		
	2024	2023	2022*
<b>REVENUES</b>			
Tax Rebate	\$ 22,110	\$	\$
Investment Revenues	<u>2,451</u>	<u></u>	<u></u>
<b>TOTAL REVENUES</b>	<u>\$ 24,561</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
 <b>EXCESS OF REVENUES OVER EXPENDITURES</b>	 <u>\$ 24,561</u>	 <u>\$ - 0 -</u>	 <u>\$ - 0 -</u>
 <b>OTHER FINANCING SOURCES</b>			
Long-Term Debt Issued	<u>\$ 429,975</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 <u>\$ 454,536</u>	 <u>\$ - 0 -</u>	 <u>\$ - 0 -</u>
 <b>BEGINNING FUND BALANCE</b>	 <u></u>	 <u></u>	 <u></u>
 <b>ENDING FUND BALANCE</b>	 <u>\$ 454,536</u>	 <u>\$ - 0 -</u>	 <u>\$ - 0 -</u>

\*Unaudited

See accompanying independent auditor's report.

	Percentage of Total Revenues			
<u>2021*</u>	<u>2024</u>	<u>2023</u>	<u>2022*</u>	<u>2021*</u>
\$	90.0 %		%	%
	10.0			
<u>\$ - 0 -</u>	<u>100.0</u> %	<u>N/A</u> %	<u>N/A</u> %	<u>N/A</u> %
 \$ - 0 -	 <u>100.0</u> %	 <u>N/A</u> %	 <u>N/A</u> %	 <u>N/A</u> %
 \$ - 0 -				
 \$ - 0 -				
 <u>\$ - 0 -</u>				

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2024**

District Mailing Address - Travis County Municipal  
Utility District No. 26  
c/o McLean & Howard, LLP  
4301 Bull Creek Road, Suite 150  
Austin, TX 78731

District Telephone Number - (512) 328-2008

<b>Board Members:</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended <u>September 30, 2024</u>	Expense Reimbursements for the year ended <u>September 30, 2024</u>	<u>Title</u>
Rick Rosenberg	05/2022 05/2026 (Elected)	\$ 884	\$ -0-	President
Alex Blackburn	05/2024 05/2028 (Elected)	\$ 1,105	\$ -0-	Vice President
Robert Bobo	05/2024 05/2028 (Elected)	\$ 1,326	\$ -0-	Secretary
Blake Rue	05/2024 05/2028 (Elected)	\$ 442	\$ -0-	Assistant Secretary
Alex Boogren	05/2022 05/2026 (Elected)	\$ 1,326	\$ -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 developer or with any of the District's consultants.

Submission date of most recent District Registration Form: May 22, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on August 16, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 26**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**SEPTEMBER 30, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees / Compensation for the year ended September 30, 2024</u>	<u>Title</u>
McLean & Howard, LLP	02/08/2021	\$ 26,836 \$ 102,000	General Counsel Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	09/20/2023	\$ 10,250 \$ 16,500	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	02/08/2021	\$ 48,984	Bookkeeper
Jones-Heroy & Associates, Inc.	02/08/2021	\$ 33,521 \$ 55,838	Engineer Bond Related
Si Environmental LLC	09/13/2022	\$ 335,935	Operator
Specialized Public Finance, Inc.	02/08/2021	\$ 3,000 \$ 162,033	Financial Advisor Bond Related
Mark Burton and Ghia Lewis	02/08/2021	\$ -0-	Investment Officer
Travis County Tax Assessor/Collector	08/18/2021	\$ 424	Tax Assessor/ Collector

See accompanying independent auditor's report.