

OFFICIAL STATEMENT DATED MAY 5, 2026

S&P: "AA"

NEW ISSUE - Book-Entry-Only

(See "OTHER INFORMATION – Ratings" herein)

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and continuing compliance by the Authority with the covenants contained in the Resolution and the Arbitrage and Tax Certificate, interest on the Bonds is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will not constitute an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

\$43,625,000

**BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
CITY OF LEANDER, TEXAS CONTRACT REVENUE REFUNDING BONDS, SERIES 2026
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT)**

Dated Date: May 1, 2026

Due: August 1, as shown on page 2

Interest Accrues from Date of Delivery

PAYMENT TERMS . . . Interest on the \$43,625,000 Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Refunding Bonds, Series 2026 (Brushy Creek Regional Water Treatment and Distribution Project) (the "Bonds") will accrue from May 20, 2026 (the "Delivery Date"), will be payable August 1 and February 1 of each year commencing August 1, 2026, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein). The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 431, Subchapter D of the Texas Transportation Code, as amended, and a resolution (the "Resolution") passed by the Board of Directors of the Brushy Creek Regional Utility Authority, Inc. (the "Authority") on March 25, 2026 and approved by the City of Leander, Texas (the "City") on April 16, 2026. In the Resolution, the Board of Directors delegated to certain officials of the Authority the authority to complete the sale of the Bonds through the execution of an "Award Certificate" (the Resolution and the Award Certificate are jointly referred to herein as the "Bond Resolution"). The Bonds are special obligations of the Authority payable, both as to principal and interest, solely from and secured by payments to be received by the Authority from the City (the "Bond Payments"), pursuant to an "Amended and Restated Master Contract for the Financing, Construction and Operation of the Brushy Creek Regional Utility Authority Water Treatment and Distribution System" dated April 23, 2025 (the "Contract"), between the Authority and the City. In accordance with the terms of the Contract, the issuance of the Bonds by the Authority has been approved by a resolution adopted by the City Council of the City. The Authority has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation or from any other source of funds of the Authority other than Bond Payments (see "THE BONDS – Security and Source of Payment") and Bondholders shall have no right to receive payment from any source other than the Bond Payments.

SECURITY FOR THE BONDS . . . The Bonds constitute special obligations of the Authority and are payable solely from and equally and ratably secured by a first lien on and pledge of the Bond Payments (as defined in the Bond Resolution) derived from the operation of the Leander System (as defined in the Bond Resolution). The City has not covenanted or obligated itself to pay the Bonds from money raised or to be raised from taxation by the City (see "THE BONDS – Security and Source of Payment").

PROCEEDS . . . Proceeds from the sale of the Bonds will be used to refund the Authority's City of Leander, Texas Contract Revenue Refunding Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2017, as more particularly described in "SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS" (the "Refunded Obligations") to achieve a debt service savings and to pay the costs of issuing the Bonds (see "PLAN OF FINANCE").

CUSIP PREFIX: 117467

MATURITY SCHEDULE & 9 DIGIT CUSIP

See the Inside Cover Page

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel (see "APPENDIX D – Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on May 20, 2026 (the "Date of Delivery").

**RAYMOND JAMES
BAIRD**

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

THE BONDS

Maturity (8/01)	Principal	Interest Rate	Initial Yield ⁽¹⁾	CUSIP ⁽²⁾
2027	\$ 3,020,000	5.00%	2.76%	117467UD0
2028	3,190,000	5.00%	2.71%	117467UE8
2029	3,360,000	5.00%	2.75%	117467UF5
2030	3,540,000	5.00%	2.83%	117467UG3
2031	3,725,000	5.00%	2.93%	117467UH1
2032	3,915,000	5.00%	3.03%	117467UJ7
2033	4,125,000	5.00%	3.10%	117467UK4
2034	4,340,000	5.00%	3.19%	117467UL2
2035	4,560,000	5.00%	3.29%	117467UM0
2036	4,800,000	5.00%	3.37%	117467UN8
2037	5,050,000	5.00%	3.44% ⁽³⁾	117467UP3

(Interest Accrues from Delivery Date)

REDEMPTION . . . The Authority reserves the right, at its option, to redeem the Bonds having stated maturities on August 1, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS –Redemption Provisions”).

- (1) The initial yield represents the initial offering yield to the public which has been established by the Underwriters for offers to the public and which may be subsequently changed by the Underwriters and is the sole responsibility of the Underwriters.
- (2) CUSIP numbers have been assigned to the Bonds by the CUSIP Global Services, which is managed on behalf of the American Banker Association by FactSet Research Systems Inc. and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the Authority, Specialized Public Finance, Inc., RBC Capital Markets, LLC, or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (3) Reflects yield to the first optional call date of August 1, 2036 (see “THE BONDS -Redemption Provisions”).

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No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters 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 Authority or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the Authority and the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by Specialized Public Finance, Inc., RBC Capital Markets, LLC or the Underwriters. 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 Authority or the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's and the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NONE OF THE AUTHORITY, THE CITY, SPECIALIZED PUBLIC FINANCE, INC., RBC CAPITAL MARKETS, LLC, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE "OTHER INFORMATION – FORWARD-LOOKING STATEMENTS DISCLAIMER" HEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to website 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 websites 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, the Rule.

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BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.

Policy making and supervisory functions of the Authority are the responsibility of and are vested in a six-member Board of Directors ("Board"). The Board members serve two-year staggered terms and two members are appointed by each member city, including the City of Round Rock, Texas, the City of Cedar Park, Texas and the City of Leander, Texas. The Authority's Articles of Incorporation delegates administrative responsibilities of the Authority to the General Manager. Various support services are provided by independent consultants and advisors.

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Anne Duffy	President
Rene Flores	Vice President
Na’Cole Thompson	Secretary
Richard Schaffner	Citizen Director
Hilda Montgomery	Citizen Director
Mel Kirkland	Citizen Director

SELECT ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Sam Roberts	General Manager	1 Year

CONSULTANTS AND ADVISORS

Auditor.....	WhitleyPenn, LLP Austin, Texas
Bond Counsel.....	Bickerstaff Heath Delgado Acosta LLP Austin, Texas
Municipal Advisor to the Authority.....	Specialized Public Finance, Inc. Austin, Texas
Municipal Advisor to the City of Leander.....	RBC Capital Markets, LLC Houston, Texas

For additional information, please contact:

Sam Roberts General Manager Brushy Creek Regional Utility Authority, Inc. 1906 Hur Industrial Blvd. Cedar Park, Texas 78613 (512) 401-5000	or	Otis E. Williams Chief Financial Officer City of Leander, Texas 105 N. Brushy Street Leander, Texas 78641 (512) 528-2734	or	Chris W. Allen Managing Director RBC Capital Markets, LLC 609 Main Street, Suite 3600 Houston, Texas 77002 (713) 651-3338
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**OFFICIAL STATEMENT
RELATING TO**

\$43,625,000

**BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
CITY OF LEANDER, TEXAS CONTRACT REVENUE REFUNDING BONDS, SERIES 2026
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT)**

INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$43,625,000 Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Refunding Bonds, Series 2026 (Brushy Creek Regional Water Treatment and Distribution Project) (the "Bonds"). The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 431, Subchapter D of the Texas Transportation Code, as amended, and Resolution No. R-2026-007 (the "Resolution") passed by the Board of Directors of the Brushy Creek Regional Utility Authority, Inc. (the "Authority") on March 25, 2026, and approved by the City of Leander, Texas (the "City") on April 16, 2026. In the Resolution, the Board of Directors delegated to certain officials of the Authority the authority to complete the sale of the Bonds through the execution of an "Award Certificate" (the Resolution and the Award Certificate are jointly referred to herein as the "Bond Resolution"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein (see "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Authority and its finances and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Specialized Public Finance, Inc., the Authority's Municipal Advisor (the "Municipal Advisor") or RBC Capital Markets, LLC, the City's Municipal Advisor ("RBCCM" and together with the Municipal Advisor, the "Municipal Advisors" acting in connection with the Bonds).

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to refund the Authority's City of Leander, Texas Contract Revenue Refunding Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2017, maturing August 1, 2027 through August 1, 2037, as more particularly described in "SCHEDULE I – SCHEDULE OF REFUNDED OBLIGATIONS" (the "Refunded Obligations") to achieve a debt service savings and to pay the costs of issuing the Bonds.

REFUNDED OBLIGATIONS . . . The principal of and interest due on the Refunded Obligations are to be paid on the redemption date of such Refunded Obligations from funds deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the Authority and BOKF, NA, Austin, Texas (the "Escrow Agent"). The Bond Resolution provides that from the proceeds of the sale of the Bonds received from the Underwriters, together with other available funds, the Authority will deposit with the Escrow Agent cash and/or direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States ("Escrowed Securities") in amounts sufficient to accomplish the discharge and final payment of the Refunded Obligations on the redemption date.

Robert Thomas CPA, LLC (the "Verification Agent"), will verify the mathematical accuracy of schedules provided by the Municipal Advisors at the time of delivery of the Bonds to the Underwriters and that the Escrowed Securities will mature at such times and yield interest in amounts, together with uninvested funds, if any, in the Escrow Fund, sufficient to pay the principal of and interest on the Refunded Obligations on the redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations. Such maturing principal of and interest on the Escrowed Securities will not be available to pay principal of or interest on the Bonds.

Simultaneously with the issuance of the Bonds, the Authority will give irrevocable instructions to provide notice to the owners of the Refunded Obligations that the Refunded Obligations will be redeemed prior to their stated maturity on August 1, 2026, on which date money will be made available to redeem the Refunded Obligations from money held under the Escrow Agreement.

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SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds, together with other available funds of the Authority, will be applied approximately as follows:

<u>Sources of Funds</u>	
Principal	\$ 43,625,000.00
Reoffering Premium	4,588,194.85
Authority Contribution	604,534.03
Total Sources	<u>\$ 48,817,728.88</u>
<u>Uses of Funds</u>	
Deposit to Escrow Fund	\$ 48,408,439.90
Underwriters' Discount	197,483.18
Cost of Issuance and Rounding Amount	211,805.80
Total Uses	<u>\$ 48,817,728.88</u>

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated May 1, 2026, and mature on August 1 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds accrues from the Delivery Date, will be computed on the basis of a 360-day year comprised of twelve 30-day months, and will be payable on February 1 and August 1, commencing August 1, 2026, until maturity or earlier redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 431, Subchapter D of the Texas Transportation Code, as amended, and the Bond Resolution.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds constitute special obligations of the Authority and are payable solely from and equally and ratably secured by a first lien on and pledge of the Bond Payments (as defined in the Bond Resolution) derived from the operation of the Leander System (as defined in the Bond Resolution). The City has not covenanted or obligated itself to pay the Bonds from money raised or to be raised from taxation by the City (see "EXCERPTS OF CERTAIN PROVISIONS OF THE CONTRACT" and "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" herein).

ADDITIONAL BONDS . . . In the Bond Resolution, the Authority has reserved the right to issue additional parity revenue bonds (herein called "Additional Bonds") in any amounts for the purpose of completing the acquisition, by purchase and construction, of the BCRUA Project (as defined in the Contract) in accordance with the Contract, or for the purpose of refunding any of the Bonds Similarly Secured, if and when authorized, issued and delivered in accordance with the provisions thereof, will be secured by and made payable equally and ratably on a parity with the Bonds, from a first lien on and pledge of the Bond Payments.

The Bond Resolution provides that the Debt Service Fund established pursuant thereto will secure and be used to pay all of the Bonds Similarly Secured, including the Bonds, all on a parity. However, each resolution under which Additional Bonds are issued will provide and require that, in addition to the amounts required by the provisions of the Bond Resolution and the provisions of each resolution authorizing Additional Bonds to be deposited to the credit of the Debt Service Fund, the Authority will deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Bonds then being issued, as the same come due.

OPTIONAL REDEMPTION. . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on August 1, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on August 1, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the Authority may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . At least 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, the Authority shall cause a notice of such redemption to be sent by United States mail, first-class postage prepaid, to the registered owners of each Bond or a portion thereof to be redeemed at its address as it appeared on the registration books of the Paying Agent/Registrar on the day such notice of redemption is mailed. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON

THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

With respect to any optional redemption of Bonds, unless certain prerequisites to such redemption required by the Bond Resolution have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the Authority, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the Authority will not redeem such Bonds, and the Paying Agent/Registrar will give notice in a manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the Authority, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Authority will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the Authority or the Paying Agent/Registrar. Neither the Authority nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of proportions of the Bonds for redemption. (See "THE BONDS – Book-Entry-Only System" herein.)

DEFEASANCE OF BONDS . . . In the Bond Resolution, the Authority has reserved the right to defease the Bonds and thereby release the lien established by the Bond Resolution with respect to Bond Payments received from the City by funding an escrow account that is dedicated to the payment of the Bonds. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding within the meaning of the Bond Resolution when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (as defined in the Bond Resolution), certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the Authority with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all such Bonds shall have become due and payable or (3) any combination of (1) and (2). See "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" for a description of the Authority's ability to defease the Bonds. There is no assurance that the ratings for U.S. Treasury securities or any other defeasance securities that may be used to defease the Bonds as described therein will be maintained at any particular rating category.

AMENDMENTS TO THE BOND RESOLUTION . . . In the Bond Resolution, the Authority has reserved the right to amend and supplement the Bond Resolution under certain conditions. Amendments without the consent of Registered Owners may be made for the purposes of (i) adding covenants or surrendering any right or power reserved to or conferred upon the Authority, (ii) curing any ambiguity or inconsistency, (iii) supplementing the security for the Bonds, replacing or providing additional Credit Agreement, or changing the form of the Bonds or making other changes that do not materially adversely affect bondholders, (iv) making changes requested by rating agencies, (v) making changes permitted by Section 30(c) of the Bond Resolution, (vi) making other changes that do not materially adversely affect bondholders, or (vii) assigning the Contract to a trustee.

Amendments with the consent of Registered Owners of 51% in Outstanding principal amount may be made for other purposes; however, no amendment may be made without 100% consent that would (1) change the maturity of the Outstanding Bonds, (2) reduce the interest rate, (3) reduce the principal amount payable, (4) modify the terms of payment of principal or interest or impose conditions with respect to such payment, (5) affect the rights of less than all bondholders, or (6) change the minimum percentage required for consent.

See "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" for additional information regarding amendments to the Bond Resolution.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

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

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 each such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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

Information concerning DTC and the book-entry-only system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority or the Underwriters.

EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . In the event that the book-entry-only system is discontinued by DTC or the use of the book-entry-only system is discontinued by the Authority, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Resolution and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

So long as Cede & Co. is the registered owner of the Bonds, the Authority will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Austin, Texas. In the Bond Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding and will always maintain a Paying Agent/Registrar that is a bank, trust company, financial institution, or other entity qualified and authorized to act as such and serve as such. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first-class postage prepaid, at the address in the registration books of the Paying Agent/Registrar, which notice shall give the address of the new Paying Agent/Registrar.

The Paying Agent/Registrar shall keep proper records of all Bonds, and all transfers and exchanges thereof. The Paying Agent/Registrar shall make the payments of principal of, premium, if any, and interest on the Bonds as the same become due, in accordance with the terms hereof, from money deposited with it for such purpose.

Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof at the designated offices of the Paying Agent/Registrar. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the designated offices of the Paying Agent/Registrar, or sent by United States mail, first-class postage prepaid, to the new registered owner or his designee. New Bonds issued in an exchange or transfer of Bonds shall be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount and having the same maturity date and bearing interest at the same rate as the Bond or Bonds surrendered in the exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT. . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the 15th calendar day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES. . . The Bond Resolution establishes the following occurrences or events as "Events of Default": (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; (ii) default in the performance or observance of any other covenant, agreement or obligation of the Authority, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with the Bond Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the Authority; or (iii) a default by the City under the Contract. See "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

The Bond Resolution does not provide for a trustee to enforce the covenants and Bonds of the Authority. In no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy. The enforcement of a remedy, including the remedy of mandamus, may be difficult and time consuming, and a registered owner could be required to enforce such remedy on a periodic basis. See "THE BONDS - Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of Bonds. No assurance can be given that a mandamus or other legal action to enforce a default under a Bond Resolution would be successful. Although a registered owner of Bonds could presumably obtain a judgment against the City if a default occurred in the payment of the principal of or interest on any of such Bonds or upon failure by the Authority to observe other covenants in a Bond Resolution, such judgment could not be satisfied by execution against any property of the City. The enforcement of a claim for payment of principal of and interest on the Bonds or enforcement of other covenants of the Authority contained in a Bond Resolution, including the remedy of mandamus, would be subject to the applicable provisions of federal bankruptcy laws and to other laws affecting the rights of creditors of political subdivisions generally.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas Legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the Authority for breach of the Bonds or covenants contained in the Bond Resolution. Even if a judgment against the Authority should be obtained, it could not be enforced by direct levy and executed against the Authority's property.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

As noted above, the Bond Resolution provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the Authority under the Bond Resolution. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

DEBT INFORMATION

THE AUTHORITY'S CITY OF LEANDER, TEXAS CONTRACT REVENUE BOND DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding BCRUA Contract Revenue Debt ⁽¹⁾			Less:	Prior Receipts	The Bonds			Net Contract Revenue Debt with BCRUA
	Principal	Interest	Total	Refunding Debt Service Savings		Principal	Interest	Total	
2026	\$ 9,485,000	\$ 6,296,564	\$ 15,781,564	\$ -	\$ 604,534	\$ -	\$ 430,191	\$ 430,191	\$ 15,781,564
2027	9,245,000	6,661,673	15,906,673	(358,200)	-	3,020,000	2,181,250	5,201,250	15,548,473
2028	9,545,000	6,381,884	15,926,884	(354,700)	-	3,190,000	2,030,250	5,220,250	15,572,184
2029	9,785,000	6,160,277	15,945,277	(358,800)	-	3,360,000	1,870,750	5,230,750	15,586,477
2030	10,035,000	5,928,114	15,963,114	(357,650)	-	3,540,000	1,702,750	5,242,750	15,605,464
2031	10,325,000	5,644,245	15,969,245	(357,450)	-	3,725,000	1,525,750	5,250,750	15,611,795
2032	10,630,000	5,344,735	15,974,735	(359,900)	-	3,915,000	1,339,500	5,254,500	15,614,835
2033	10,965,000	5,026,810	15,991,810	(355,050)	-	4,125,000	1,143,750	5,268,750	15,636,760
2034	11,320,000	4,689,387	16,009,387	(358,500)	-	4,340,000	937,500	5,277,500	15,650,887
2035	11,730,000	4,286,792	16,016,792	(358,750)	-	4,560,000	720,500	5,280,500	15,658,042
2036	12,170,000	3,860,263	16,030,263	(358,250)	-	4,800,000	492,500	5,292,500	15,672,013
2037	12,640,000	3,403,747	16,043,747	(357,000)	-	5,050,000	252,500	5,302,500	15,686,747
2038	12,660,000	2,921,064	15,581,064	-	-	-	-	-	15,581,064
2039	6,365,000	2,494,091	8,859,091	-	-	-	-	-	8,859,091
2040	6,565,000	2,303,072	8,868,072	-	-	-	-	-	8,868,072
2041	6,765,000	2,101,318	8,866,318	-	-	-	-	-	8,866,318
2042	6,990,000	1,889,260	8,879,260	-	-	-	-	-	8,879,260
2043	7,220,000	1,660,004	8,880,004	-	-	-	-	-	8,880,004
2044	7,460,000	1,421,820	8,881,820	-	-	-	-	-	8,881,820
2045	7,720,000	1,172,125	8,892,125	-	-	-	-	-	8,892,125
2046	7,990,000	916,643	8,906,643	-	-	-	-	-	8,906,643
2047	6,285,000	642,183	6,927,183	-	-	-	-	-	6,927,183
2048	4,220,000	407,660	4,627,660	-	-	-	-	-	4,627,660
2049	4,390,000	250,136	4,640,136	-	-	-	-	-	4,640,136
2050	2,195,000	86,044	2,281,044	-	-	-	-	-	2,281,044
Total	\$ 214,700,000	\$ 81,949,905	\$ 296,649,905	\$ (3,934,250)	\$ 604,534	\$ 43,625,000	\$ 14,627,191	\$ 58,252,191	\$ 292,715,655

(1) Outstanding debt service prior to refunding includes the refunded debt service.

BCRUA PROJECT INFORMATION

The BCRUA Project consists of a regional water system that is designed to supply potable water to the City of Leander, the City of Round Rock and the City of Cedar Park.

Phase 1A of the BCRUA Project, which began operation in mid-2012, consisted of (i) construction of a floating intake structure in the Sandy Creek arm of Lake Travis, (ii) a raw water transmission pipeline up Trail's End Road and Highway 1431, (iii) a 17 MGD water treatment plant, and (iv) treated water transmission lines for delivery into the Cedar Park, Leander and Round Rock potable water distribution systems. Total cost of Phase 1A was approximately \$150 million.

Phase 1B of the BCRUA Project involved rerating the capacity of treatment facilities to 22.6 MGD by engineering analysis and plant operational testing. This rerate was approved by the Texas Commission on Environmental Quality in February 2018 at a cost of approximately \$110 thousand.

Phase 1C of the BCRUA Project involved expansion of the floating intake and treatment facilities to 32.5 MGD. Construction funding was secured in November 2017 through issuance of contract revenue bonds as part of the Texas Water Development Board SWIFT Loan program. Construction began in January 2019 and final completion was July 2021 at a cost of \$14.1 million.

Phase 1D of the BCRUA Project involves expansion of the BCRUA regional water treatment facilities to 41.9 MGD. In August 2023, the BCRUA Board of Directors approved a \$16.86 million contract with Excel Construction Services, LLC to construct the Phase 1D WTP expansion. Funding was secured from a combination of cash contributions, unspent debt proceeds from Phase 1A savings, and contract revenue bonds issued in 2018 and 2021 as part of the TWDB SWIFT loan program. Construction began in August 2023 and substantial completion occurred in November 2025.

Phase 2 of the BCRUA Project consists of the construction of a permanent raw water intake in a deeper location within Lake Travis, a gravity tunnel to transmit the raw water to a new pump station, and a raw water pipeline connecting the raw water pump station to three locations (the Phase 1 raw water pipeline and the cities of Cedar Park and Leander water treatment plants). This phase is needed to provide increased capacity and a deep-water intake source during prolonged drought conditions for the BCRUA Regional Water Supply System and existing Cedar Park and Leander water plants. In May 2022, the BCRUA Board of Directors approved a \$225 million contract with Thalle/SAK Joint Venture to construct the Phase 2 Raw Water Delivery System with a capacity of 144.7 MGD. Total project cost is estimated at approximately \$293 million and is being funded with cash contributions and contract revenue bonds issued in 2021, 2022, and 2023 as well as future bond issuances as part of the TWDB SWIFT loan program. Construction began in mid-2022 with substantial completion expected in mid-2027.

Phase 2A of the BCRUA Project involves expansion of the water treatment plant to 64.2 MGD. In October 2025, the BCRUA Board of Directors approved a \$97.62 million contract with Webber Waterworks, LLC to construct the Phase 2A WTP expansion. Funding for this project will be SWIFT funds for the City of Leander (\$51.15 million) and other financing by the City of Round Rock (\$46.47 million). Construction is expected to be completed in Fall of 2028.

Phases 2B and 3 of the BCRUA Project are expected to consist of future expansions of the water treatment plant and deep-water pump station as necessary at the direction of the three partnering cities, with final expansion of the water treatment plant to 105.8 MGD.

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EXCERPTS OF CERTAIN PROVISIONS OF THE CONTRACT

The following are excerpts of certain provisions of the Contract. Such excerpts do not purport to be complete or verbatim and reference should be made to the Contract for the entirety thereof. Copies of the Contract are available upon request to the Authority.

The following capitalized terms appearing in this Official Statement have the meanings set forth below, unless the context otherwise requires. A reference to any of these terms in the singular number includes the plural and vice versa.

"Additional Bonds" means one or more series of additional Bonds which are issued by BCRUA to finance completion of the System pursuant to the Contract or for any other lawful purpose.

"Annual Payments" means the amount of money constituting the Operation and Maintenance Expenses, Overhead Expenses, and to the extent BCRUA issues a series of Bonds on behalf of a City, the Bond Payment to be paid to BCRUA by each City, on a several and not a joint basis as described in the Contract from the revenues of each City's System as an operating and maintenance expense of each City's System at the times and in the amounts required by the Contract.

"Authorized Representative" means any person at the time delegated authority to act on behalf of the Cities or BCRUA, as the case may be, and designated as such in a written certificate, containing a specimen signature of such person, which, for the Cities shall be the City Manager, of each City or such other officers or employees of the Cities authorized to act on behalf of the Cities during the respective City Manager's absence or incapacity, and for BCRUA shall be the General Manager of BCRUA or such other officer or employee of BCRUA authorized to act on behalf of BCRUA during the General Manager's absence or incapacity, unless a party notifies the other party in writing of a change in its Authorized Representative.

"BCRUA" means the Brushy Creek Regional Utility Authority, Inc. and its lawful successors and assigns.

"BCRUA Project" means the "System" as defined in the Contract, which means, collectively the Raw Water Delivery System, the Treatment System, and the Treated Water Distribution System as shown in Exhibit A to the Contract.

"BCRUA Project Costs" means the "System Costs" as defined in the Contract, which means and includes, without limitation, the following costs incurred for the System by or on behalf of BCRUA or the Cities:

- (i) the cost of acquisition of the Land Interests, including appraisals, closing costs and title insurance policies;
- (ii) the cost of acquisition, construction, repair, replacement, improvement or decommissioning of the System, and any structure, item of equipment, or other item, used for, or in connection with, the System;
- (iii) the cost of site preparation of the Land Interests, including demolition or removal of structures and improvements as necessary or incident to completing the System;
- (iv) the cost of engineering, legal, architectural or other related services;
- (v) the preparation cost of plans, specifications, studies, surveys, cost estimates, and other expenses necessary or incident to planning, providing, or financing the System;
- (vi) the cost of machinery, equipment, furnishings, and facilities necessary or incident to placing the System in operation;
- (vii) finance charges and interest before, during, and after construction as permitted by the laws of the State;
- (viii) costs incurred in connection with financing the System, including, without limitation:
 - (1) financing, legal, accounting, financial advisory, rating agency, and auditing fees, expenses and disbursements;
 - (2) the cost of printing, engraving, and reproduction services; and
 - (3) the cost of a trustee's or paying agent's initial or acceptance fee and subsequent fees;
- (ix) all costs, fees and expenses of litigation of all kinds
- (x) the cost of property casualty and public liability insurance;
- (xi) the fees and costs of the underwriters as the anticipated purchasers of the Bonds;
- (xii) reimbursement of the costs previously incurred by and agreeable to the other Cities with respect to the System; and
- (xiii) other costs generally recognized as a part of System construction costs. BCRUA Project Costs will be allocated among the Cities in accordance with Exhibit "D" to the Contract.

"Bond Payment(s)" means the amount of money to be paid to BCRUA by a City, for the debt service or to fund or replenish any debt service reserve fund or other special or contingency fund or the payment of Trustee or other fees related to one or more series of Bonds issued for that City, which Bonds are payable from the gross revenues of the City's System as an operating and maintenance expense of the City's System at the times and in the amounts required to pay debt service on a series of Bonds issued for that City, at such time as further provided in the Contract. A City is responsible for paying debt service on only the series of Bonds issued for that City, after taking into account any capitalized interest funded from the proceeds of any series of Bonds issued for that City. A City is not responsible for paying debt service on any series of Bonds issued for another City.

"Bond Resolution" means any resolution and/or trust indenture of BCRUA, authorizing the issuance of and securing a series of Bonds and all amendments and supplements thereto authorized by such resolution to establish certain terms of the Bonds authorized by such resolution. Since separate series of Bonds will be issued for each City requesting financing, any such reference in this Contract means the Bond Resolutions related to the City for which such series of Bonds are being issued.

"Bonds" means all bonds, notes, or other obligations hereafter issued by BCRUA, for each City requesting financing, the proceeds of which shall be used to pay such City's share of BCRUA Project Costs, (including any Additional Bonds) or to refund any Bonds or to refund any such refunding Bonds.

"Cities" means, collectively, the City of Cedar Park, Texas, the City of Leander, Texas, and the City of Round Rock, Texas. "City" means, respectively, the City of Cedar Park, Texas, the City of Leander, Texas, or the City of Round Rock, Texas.

"City System" means and includes a respective City's existing combined waterworks and wastewater disposal system, together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof, provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term City System shall not include any waterworks or wastewater facilities which are declared by a City not to be a part of its City System of such City and which are hereafter acquired or constructed by a respective City with the proceeds from the issuance of "Special Project Bonds", which are hereby defined as being special revenue obligations of such City, which are not secured by or payable from the net revenues of a respective City System, but which are secured by and are payable solely from special contract revenues, or payments received by a City or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of a respective City System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Project Bonds."

"Code" means the Internal Revenue Code of 1986, and any amendments thereto, as in force and effect on the date of delivery of any series of Bonds.

"Construction Fund" means the fund created with that name pursuant to a Bond Resolution.

"Contract" means the "Amended and Restated Master Contract for the Financing, Construction and Operation of the Brushy Creek Regional Utility Authority Water Treatment and Distribution System," dated as of April 23, 2025, which amended and restated the "Master Contract for the Financing, Construction and Operation of the BCRUA Regional Water Treatment and Distribution Project," dated as of September 2, 2008, and the subsequent amendments thereto.

"Credit Agreement" means any bond insurance policy or other credit agreement, as defined in and authorized by the provisions of Chapter 1371, as amended, Texas Government Code, which BCRUA may execute relating to a series of Bonds.

"Fiscal Year" means the fiscal year, which currently begins on October 1 of each year and ends on September 30 of the following year.

"General Manager" means the individual hired by BCRUA to manage the affairs of BCRUA.

"Insurance Policy" means the insurance policy, if any, issued by the Insurer guaranteeing the scheduled payment of principal of and interest on a particular series of Bonds when due.

"Insurer" means the company, if any, insuring a particular series of the Bonds, or any successor thereto or assignee thereof.

"Land Interests" means the fee simple interests and/or the easements, right-of-way, and other interests in real property necessary for the acquisition, construction, and operation of the System.

"Operation and Maintenance Expenses" means all direct costs and expenses, fixed and variable, incurred by BCRUA for its operation and maintenance of the System, including (for greater certainty but without limiting the generality of the foregoing) the costs of utilities, supervision, treatment, engineering, accounting, auditing, legal services, insurance premiums, supplies, services, and administration of the System, Overhead Expenses, and costs of operating, repairing, maintaining, and replacing equipment for proper operation and maintenance of the System. The term "Operation and Maintenance Expenses" does not include depreciation charges or such portion of the above-described costs to the extent such costs are paid pursuant to an agreement other than this Contract.

"Operations Committee" means the committee created in Article V of the Contract.

"Overhead Expenses" means BCRUA's reasonable and necessary costs and expenses incurred at any time directly related to the issuance and servicing of the Bonds, the acquisition of Land Interests required for the System, the design, permitting, financing, acquisition, construction, and ownership of the System and any other activities required of or involving BCRUA in connection with or attributable to the System or the Bonds.

"Prudent Utility Practice" means any of the practices, methods, and acts, in the exercise of reasonable judgment, in the light of the facts, including but not limited to the practices, methods, and acts engaged in or approved by a significant portion of the public utility industry prior thereto, known at the time the decision was made, that would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. It is recognized that Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act at the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety, and expedition. In the case of any facility included in a City System which is owned in common with one or

more other entities, the term "Prudent Utility Practice", as applied to such facility, shall have the meaning set forth in the agreement governing the operation of such facility.

"Sale and Offering Documents" means any official notice of sale, official bid form, Official Statement, official statement, or other offering document for the Bonds.

"State" means the State of Texas.

"Trustee" means any trustee named under a trust indenture or the paying agent/registrars named in a paying agent/registrars agreement entered into by BCRUA relating to the payment of a series of Bonds and authorized by a Bond Resolution.

"Utility Bond" means the bonds, notes and other obligations of a City outstanding from time to time secured by a lien on and pledge of the net revenues of that City's System or any part thereof, regardless of lien priority.

Section 4.1 Issuance of Bonds.

- (a) BCRUA's acquisition, construction, and completion of the System will be financed by
 - (i) receipt of funds from the Cities, respectively,
 - (ii) BCRUA through the issuance of one or more series or issues of Bonds by BCRUA for a City, which Bonds are payable solely from and secured, in part, by an assignment of the Bond Payments made under this Contract by the City for which such series of Bonds are issued, or
 - (iii) any combination of funds from the Cities, respectively, and the issuance of Bonds for the Cities, respectively.It is expressly understood and agreed by BCRUA and the Cities that BCRUA shall issue Bonds as separate series for the applicable City.

Each City shall be solely responsible for Bond Payments on its series of Bonds. No City shall have any liability or responsibility for any Bond Payment on a series of Bonds issued for another City. In consideration of the covenants and agreements set forth in this Contract, and to enable BCRUA to issue the Bonds to carry out the intents and purposes hereof, this Contract is executed to assure the issuance of the Bonds at the request of a City and to provide for and ensure the due and punctual payment by such City to BCRUA, or to the Trustee relating to the series of Bonds issued for such City, of amounts not less than the Bond Payments. Each City hereby agrees to make, or cause to be made, its respective Bond Payments, as and when due, for the benefit of the owners of the Bonds, as provided in the Bonds and the Bond Resolution. The cost allocations for the System Costs are shown in Exhibit "D" to the Contract.

(b) The proceeds from the sale of the Bonds, together with any funds received from a City will be used for the payment of the System Costs. Upon request of a City, the Bonds will be issued by BCRUA for such City's share of the amount anticipated to be required to acquire and construct the System, including payment of all System Costs advanced by such City and incurred by BCRUA prior to the date of issuance of the Bonds, and to fund, to the extent deemed advisable by BCRUA, a debt service reserve fund, if applicable, and interest on the Bonds during construction and for up to one year after the Completion Date. However, each City specifically reserves the right to pay cash to BCRUA rather than have BCRUA issue Bonds on its behalf.

(c) Each Bond Resolution of BCRUA shall specify the maximum principal amount of the Bonds for each City's series of Bonds to be issued thereunder. The Bonds shall mature not more than forty (40) years from the date of such Bonds and shall bear interest at not to exceed the maximum legal rate then permitted by law, and the Bond Resolution may create and provide for the maintenance of a revenue fund, a debt service fund, a reserve fund, a construction fund, and any other funds deemed prudent by BCRUA, all in the manner and amounts as provided in such Bond Resolution.

(d) Prior to the final adoption of a Bond Resolution or any amendment of a Bond Resolution by BCRUA's Board of Directors for a City, a substantially final copy of the proposed Bond Resolution for such City and the Sale and Offering Documents, if any, for such City shall be presented to the governing body of such City for review and approval.

- (e) Upon approval by the City's governing body of
 - (i) a substantially final copy of the Bond Resolution for the City hereafter adopted by BCRUA for the applicable City, including any Credit Agreements,
 - (ii) any amendments to any Bond Resolution for the City, and
 - (iii) the Sale and Offering Documents for the City and the delivery to BCRUA of a certification signed by the Authorized Representative of the City to the effect that the Bond Resolution and the Sale and Offering Documents comply with this Contract, then upon the adoption and approval of the Bond Resolution in such final form by BCRUA's Board of Directors or Authorized Representative, as the case may be, and the issuance and delivery of the Bonds to the purchaser thereof, the Bond Resolution shall for all purposes be considered approved by the City for its Bonds and deemed to be in compliance with this Contract in all respects, and the Bonds issued thereunder will constitute Bonds as defined in this Contract for all purposes. Any registered owner of Bonds is entitled to rely fully and unconditionally on any such approval.

(f) All covenants and provisions in the Bond Resolution affecting, or purporting to bind, the City shall, upon the delivery of the Bonds, become absolute, unconditional, valid, and binding covenants and obligations of the City so long as the Bonds and interest thereon are outstanding and unpaid, and may be enforced by the remedies of mandamus and specific performance in addition to any other legal or equitable remedies which may be available, as provided in the Contract and the Bond Resolution. Particularly, the obligation of the City to make, promptly when due, all Annual Payments specified in this Contract shall be absolute and unconditional, and said obligation may be enforced as provided in this Contract. In addition, subject to the approval of the City, BCRUA may enter into Credit Agreements for the purpose of achieving the lowest financing costs for the System.

Section 4.2 Proceeds of Bonds. Subject to the terms and provisions of this Contract, the proceeds of the Bonds shall be used by BCRUA for the purpose of financing and funding BCRUA's acquisition and construction of the System as provided in Section 4.1. Upon request by a City, BCRUA shall use its best efforts to issue its Bonds, in one or more separate series for each City requesting financing, in amounts which will be sufficient, together with any funds contributed by a City, to accomplish such purpose. The proceeds of the Bonds shall be deposited in the Construction Fund established pursuant to the terms of each Bond Resolution. A trust indenture may be entered into between BCRUA and a corporate trustee for the purpose of securing the payment of the Bonds. The trust indenture or each Bond Resolution, as appropriate, will establish procedures for the payment of System Costs out of one or more construction funds, or subaccount within the Construction Fund. It is anticipated that the Bonds will be issued pursuant to each Bond Resolution and that a paying agent/registrars agreement will be executed between BCRUA and the Trustee concerning the payment procedures with respect to the Bonds. Any funds contributed by a City for its share of System Costs shall be deposited into a separate subaccount of the Construction Fund of BCRUA:

- (a) prior to BCRUA pricing any series of Bonds for a City; or
- (b) simultaneous with the delivery of the proceeds of any series of Bonds so long as sufficient evidence is provided to BCRUA and Cities prior to pricing of Bonds that their funds will be available at the closing of the Bonds.

Section 4.3 Refunding of Bonds. BCRUA reserves the right to issue refunding bonds in accordance with the laws of the State and will provide notice to each applicable City, respectively, of the redetermined Bond Payment in accordance with the Contract.

Section 4.4 Redemption of Bonds. BCRUA, in its sole discretion or upon the written request of a City (and provided that the affected series of Bonds for such City are subject to redemption or prepayment prior to maturity at the option of BCRUA, and provided that such request is received in sufficient time prior to the date upon which such redemption or prepayment is proposed), forthwith shall take or cause to be taken all action that may be necessary under the applicable redemption provisions of the series of Bonds to redeem the Bonds or any part thereof, to the full extent of funds that are either made available for such purpose by the applicable City or already on deposit under the Bond Resolution and available for such purpose. The redemption of any outstanding Bonds prior to maturity at any time shall not relieve the applicable City of its absolute and unconditional obligation to pay each remaining Annual Payment with respect to any outstanding Bonds, as specified in the Bond Resolution.

Section 4.5 Debt Service on Bonds and Other Bond Funding Requirements. It is acknowledged and agreed that payments to be made under this Contract will be the primary source available to BCRUA to provide the money necessary for BCRUA to meet its obligations with respect to any series of Bonds and any Credit Agreements. Each City therefore agrees and accepts sole responsibility to pay the Bond Payments related to the series of Bonds issued for the respective City, as outlined in subsections (a) through (c) below, in full when due as provided in this Contract. However, no City shall have any liability or responsibility for any Bond Payments on a series of Bonds issued for another City. Bond Payments shall be due by the close of business on the business day prior to each date on which any of the following payments or deposits shall be due and shall be in an amount equal to all such payments and deposits due on such date:

- (a) debt service on its related series of Bonds for each respective City for which such series of Bonds were issued and related payments and deposits, as follows:
 - (i) principal of, redemption premium, if any, and interest on, its related series of Bonds for each respective City, less interest to be paid out of Bond proceeds or from other sources if permitted by any Bond Resolution, and the redemption price of any Bonds to be redeemed prior to maturity when and as provided in any Bond Resolution plus the fees, expenses, and, to the extent permitted by law, indemnities of the Trustee, if any, for the Bonds, and those of the paying agent/registrars for paying the principal of and interest on the Bonds and for authenticating, registering, and transferring Bonds on the registration books;
 - (ii) deposits required to be made to any special, contingency, or reserve fund by the provisions of any Bond Resolution; and
 - (iii) any deposit in addition thereto required to restore any deficiency in any of such funds by the provisions of any Bond Resolution,
- (b) amounts payable by BCRUA under a Credit Agreement; and
- (c) the fees, expenses, and indemnities (to the extent permitted by law) of the Trustee, remarketing agent, rate setting agent, authentication agent, arbitrage rebate compliance firm, and tender agent, if any, for the Bonds.

Section 4.6 Billing. BCRUA will maintain rates and charges sufficient to meet the debt service requirements on outstanding Bonds, and each City shall maintain rates and charges for its City System sufficient to pay the City's obligations secured by and made payable from the revenues derived from the operation of its City System, as provided in the Contract. To the extent Annual Payments are due, BCRUA will render a bill to each City not more than once each month, for the payments required by this Contract. BCRUA shall, until further notice, render such bills on or before the 5th day of each month and such bills shall be due and payable on the 15th day of each month or ten (10) days after such bill is deposited into the United States mail, properly stamped and addressed to the Cities whichever is later and thereafter, to the extent permitted by law, interest shall accrue thereon at the rate of ten per cent (10%) per annum until paid in full. Notwithstanding the foregoing, Bond Payments shall be paid in accordance with the Contract. BCRUA may, however, from time to time by sixty (60) days' written notice change the date by which it shall render bills, and all bills shall thereafter be due and payable fifteen (15) days after such dates as herein provided. Each City shall make all payments in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts and shall make payment to BCRUA at its office in Williamson County, Texas, or at such other place as BCRUA may from time to time designate by sixty (60) days written notice.

Section 4.7 Delinquency in Payment. If any City fails to pay in full any bills when due and payable, BCRUA shall give written notice of such delinquency to the City and if all bills due and unpaid, including interest thereon, are not paid in full within forty-five (45) days after delivery of such notice, then the City agrees that BCRUA shall be authorized, at its sole option, to institute suit for collection thereof and to collect any amounts due and unpaid, together with interest thereon and reasonable attorneys' fees, and the City further agrees that BCRUA shall, at its sole option, discontinue providing treated water to the City until all amounts due and unpaid are paid in full with interest as herein specified. Any such discontinuation of service shall not, however, relieve the City of its unconditional obligations to make the payments required by this Contract. It is also hereby expressly acknowledged and agreed that any nondefaulting City shall have no obligation to make any payments for the benefit of the defaulting City.

Section 4.8 BCRUA's Rights Assigned to Trustee. The Cities are advised and recognize that as security for the payment of a series of Bonds, BCRUA may, subsequent to the issuance of the initial series of Bonds, assign to the Trustee, pursuant to one or more trust indentures (or paying agent/registrar agreements) to be authorized by a Bond Resolution, BCRUA's rights under this Contract, including the right to receive the Annual Payments hereunder (but not the right to receive payments, if any, under the indemnification provisions of the Contract). Each City assents to such assignment and will make the Annual Payments directly to the Trustee without defense or set-off by reason of any dispute between one or both of the Cities and BCRUA or the Trustee. All rights against a City arising under this Contract or each Bond Resolution and assigned to the Trustee may be enforced by the Trustee, or the owners of the Bonds, to the extent provided in each Bond Resolution, and the Trustee, or the owners of the Bonds, shall be entitled to bring any suit, action, or proceeding against a City, to the extent provided in the Bond Resolution, for the enforcement of this Contract, and it shall not be necessary in any such suit, action, or proceeding to make BCRUA or any other City a party thereto.

Section 4.9 Tax-Exempt Bonds. The Parties hereto understand and agree that BCRUA will use reasonable efforts to provide for, but will not be liable for a failure to produce, the lowest overall debt service cost for any series of Bonds to be issued for the System. In connection therewith, each City understands that BCRUA intends to issue Bonds the interest on which is excludable from the gross income of the owners thereof for federal income tax purposes. The Parties hereto acknowledge their understanding that the federal income tax laws impose certain restrictions on the use and investment of proceeds of such tax-exempt bonds and on the use of the property financed therewith and the output produced therefrom. Accordingly, each City agrees and covenants that if any series of Bonds are offered to investors with the understanding that the interest will be exempt from federal income taxation, then the Parties, their assigns and agents, will take such action to assure, and refrain from such action which will adversely affect the treatment of such Bonds as obligations described in section 103 of the Code. Should any party fail to comply with such covenant, the effect of which being that the Bonds no longer qualify as obligations described in the Code, such defaulting party shall be liable for all costs resulting from the loss of the tax-exempt status of the Bonds. The Parties hereby agree and covenant to comply with all of the representations and covenants relating to such exemption which are set out in any Bond Resolution. Each City and BCRUA further agree and covenant that in the event any series of Bonds issued are to be tax-exempt, they will modify such agreements, make such filings, restrict the yield on investments, and take such other action necessary to fulfill the applicable provisions of the Code. For these purposes, the Parties may rely on the respective opinion of any firm of nationally-recognized bond attorneys selected by them. In the event that a conflict arises in the opinions of the respective firms of each of the Parties, the Parties will identify a different firm that is mutually acceptable to all Parties, in order to resolve the conflict of opinion.

Section 4.11 City's Obligations. In the event the System is not completed for any of the reasons contemplated herein or otherwise, or any proceeds from issuance of a series of Bonds are not used for completion of the System for any reason, any Bond proceeds and earnings thereon for such series not used for completion of the System shall be utilized to satisfy amounts due and owing on such Bonds as described in the related Bond Resolution, and herein, so as to reduce the Bond Payments which would otherwise be due hereunder, or be applied for the benefit of each City as provided in the related Bond Resolution. Each City has covenanted absolutely and unconditionally, in accordance with all other terms of this Contract, to make the Annual Payments, as provided herein, in consideration for such application of the money as well as the other covenants and obligations of BCRUA and others set forth or contemplated herein.

Section 4.12 Interest on Money. All legally available money respecting a series of Bonds shall be invested in the manner set forth in each Bond Resolution. Any interest earnings on the Bond proceeds may be used to pay principal of and interest on the related Bonds or for the payment of any System Costs or other costs related to the System approved by the Cities, subject to Section 4.9.

Section 4.14 Right to Prepay. Each City shall have the right at any time to prepay all or any portion of its Annual Payments. Subject to the provisions of Section 4.9, such prepaid Annual Payments, including any interest accruing, shall be used and invested by BCRUA as directed by the City which made such prepayment

- (a) as a credit against future Annual Payment obligations of such City,
- (b) to redeem Bonds issued for such City pursuant to the provisions of Section 4.4, or
- (c) to provide for the defeasance of the Bonds pursuant to the provisions of the applicable Bond Resolution. Any such prepayment will not cause a termination of this Contract until all other amounts owed or to be incurred by BCRUA or any other person under the provisions of the applicable Bond Resolution have been paid in full or waived by such person.

Section 5.2 Payments for Operations and Maintenance Expenses. Each City shall pay to BCRUA its Annual Payments, including Operations and Maintenance Expenses related to the operation of the System. However, controlling the costs paid by the Cities to BCRUA for Operation and Maintenance Expenses shall be of primary importance to BCRUA. BCRUA shall use diligent efforts so that Operation and Maintenance Expenses incurred by BCRUA and ultimately paid by the Cities are reasonable and justified. BCRUA and the Cities agree that fixed Operation and Maintenance Expenses shall be allocated among the Cities based upon each City's reserved capacity in the System components, and that variable Operation and Maintenance Expenses shall be allocated among the Cities based upon the volume of treated water delivered to each City in relation to the volume of treated water delivered to all Cities.

Section 5.5 BCRUA's Overhead Expenses. To the extent not paid out of the proceeds of a series of Bonds, or otherwise, each City shall pay and reimburse BCRUA for its share of the Overhead Expenses incurred by or attributable to it throughout the term of this Contract within thirty (30) days of receipt of documentation therefor from BCRUA. Each City also agrees, with the consent of BCRUA, to enter into an interlocal agreement to provide for, among other matters, an annual adjustment of the Overhead Expenses paid by each City based upon certain formulas and taking into account each City's reserved capacity in the System and/or the quantity of treated water actually delivered to each City.

Section 9.1 Annual Estimate of Annual Payments. Not less than ninety (90) days prior to each Fiscal Year, BCRUA shall furnish to the Cities an estimate and schedule of the Annual Payments required to be paid by each City in such Fiscal Year.

Section 9.2 Annual Payments by the Cities. (a) Each City hereby agrees that it will make payment of its Bond Payment to the extent BCRUA issues a series of Bonds for such City and its proportionate share of the Operation and Maintenance Expenses and Overhead Expenses to BCRUA, or to the Trustee on behalf of BCRUA, as provided in each Bond Resolution in accordance with the procedures established in the Contract. If a City at any time disputes the amount to be paid by it to BCRUA, such City shall nevertheless promptly make such payment or payments, but if it is subsequently determined by agreement or court decision that such disputed payments made by the such City should have been less, or more, BCRUA shall promptly revise the charges for such City in such manner that a City will recover its overpayment or BCRUA will recover the amount due it. BCRUA shall pursue all legal remedies, including the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to it, against any City to enforce and protect the rights of BCRUA and the owners of the Bonds, and the City shall not be relieved of the liability to BCRUA for the payment of all amounts which are due by them hereunder. However, no City shall have any liability or responsibility for any Annual Payment attributable to another City.

(b) Except to the extent otherwise provided by a Bond Resolution, all amounts due under this Contract shall be paid and are due in Williamson County, Texas, which is the County in which the principal administrative offices of BCRUA are located.

(c) BCRUA shall redetermine the estimate and schedule of Annual Payments due in any Fiscal Year at any time during such Fiscal Year, as and to the extent deemed necessary or advisable by BCRUA to accurately forecast the amount and date of Annual Payments to be made by each City, if (i) BCRUA issues Bonds to complete the System or to refund any Bonds or enters into, amends, or terminates a Credit Agreement, (ii) actual interest rates on any variable interest rate Bonds differ from those projected by BCRUA, or (iii) any other event occurs which results in an increase or decrease in the Annual Payments required to be made by any City in such Fiscal Year.

(d) If, during any Fiscal Year, the Annual Payment is redetermined in any manner as provided or required in this Section, BCRUA will promptly furnish the Cities with an updated schedule of payments reflecting such redetermination.

(e) Notwithstanding anything herein to the contrary, no failure of BCRUA to estimate, and no mistake by BCRUA in any estimate of, the amount of or schedule for Annual Payments due from the Cities in any Fiscal Year shall relieve any City from (or defer) its absolute and unconditional obligation to make all Annual Payments in full when due.

Section 9.3 Source of Payment.

(a) Each City represents and covenants that all payments to be made by it under this Contract shall constitute reasonable and necessary "operating expenses", as defined in Chapter 1502, as amended, Texas Government Code, of its City System, but only to the extent of the Annual Payment, and the Cities shall not be obligated to make the payments under this Contract from any source other than the gross revenues of its City System. Each City further represents that its Governing Body has determined that the services to be provided by the System are absolutely necessary and essential to provide the treated water to such City.

(b) Each City agrees throughout the term of this Contract to fix and collect such rates and charges for services to be supplied by its City System as will produce gross revenues at all times during the term of this Contract in an amount at least equal to (i) all of the expenses of operation and maintenance of its City System, including specifically its Annual Payments under this Contract and (ii) all other amounts as required by law and the provisions of the ordinances or resolutions authorizing its Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the its City System, including the amounts required to pay all principal of and interest on such City's Utility Bonds and other obligations.

(c) No ad valorem tax revenues of any City shall be pledged to the payment of any amounts to be paid by the City to BCRUA under this Contract, nor shall BCRUA have the right to demand payment of any amounts to be paid by the City under this Contract be paid from funds raised or to be raised from ad valorem taxation from the City and the obligations under this Contract shall never be construed to be a debt or pecuniary obligation of the City of such kind as to require the City to levy and collect an ad valorem tax to discharge its obligations.

Section 9.4 Annual Budgeting by the Cities. Each City shall make provision in each of its annual budgets and shall appropriate an amount sufficient, at a minimum, for the payment of all amounts required to be paid by the City under this Contract.

Section 9.5 Revenue Sources Pledged. Each City hereby pledges the gross revenues of its City System to the payment of its obligations under this Contract and recognizes that BCRUA will, and authorizes BCRUA to, pledge the Bond Payments owing to it by each City under this Contract to the payment of the applicable series of Bonds and Credit Agreements issued for that particular City. BCRUA agrees to make the payments for such series of Bonds and Credit Agreements when and as required by each Bond Resolution, each Credit Agreement, and this Contract, from and to the extent of proceeds of a series of Bonds not expended for the System and Bond Payments made by each City.

Section 9.6 General Covenants by Cities. Each City further represents, covenants and agrees that in accordance with and to the extent permitted by law, it will comply with the covenants listed below.

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in each ordinance or resolution authorizing the issuance of the series of Bonds issued for it by BCRUA; and it will, at the time and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the fund and accounts created by said ordinances, but only from and to the extent of the sources of funds described in such ordinances.

(b) Legal Authority. It is a duly created and existing home rule city of the State and is duly authorized under the laws of the State to enter into this Contract. By execution hereof, it represents that all actions on its part for the execution and delivery of this Contract have been duly and effectively taken; and that this Contract is a valid and enforceable special obligation of the City in accordance with its terms.

(c) Acquisition and Construction; Operation and Maintenance. (i) It shall use its best efforts in accordance with Prudent Utility Practice to acquire and construct, or cause to be acquired and constructed, any capital improvements to its City System, which shall mean and include any capital extensions, improvements, and betterments, in accordance with the plans and specifications therefor, as modified from time to time with due diligence and in a sound and economical manner; and (ii) it shall at all times use its best efforts to operate or cause to be operated its City System properly and in an efficient manner, consistent with Prudent Utility Practice, and shall use its best efforts to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or use its best efforts to cause to be made, all necessary and proper repairs, replacements, and renewals so that at all times the operation of its City System may be properly and advantageously conducted.

(d) Title. It has or will obtain lawful title, whether such title is in fee or lesser interest, to the lands, buildings, structures, and facilities constituting its City System; it will defend the title to all the aforesaid lands, buildings, structures, and facilities, and every part thereof, for the benefit of BCRUA and the owners of each series of Bonds, against the claims and demands of all persons whomsoever; and it is lawfully qualified to pledge the gross revenues of its City System to the payment of the payments required by this Contract in the manner prescribed herein, and has lawfully exercised such rights.

(e) Liens. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon its City System; it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the lien granted hereunder shall be fully preserved in the manner provided herein; and it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the lien hereof might or could be impaired; provided however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Cities.

(f) Books, Records, and Accounts. It shall keep proper books, records, and accounts separate and apart from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to its City System and each series of Bonds, and it shall cause said books and accounts to be audited annually as of the close of each Fiscal Year. At the request of BCRUA, the Cities shall allow BCRUA to audit such books, records, and accounts at any reasonable time and from time to time.

(g) Insurance.

(i) Except as otherwise permitted in clause (ii) below, it shall cause to be insured such parts of its City System as would usually be insured by governmental entities operating like properties, with a responsible insurance company or companies, against risks, accidents, or casualties against which and to the extent insurance is usually carried by governmental entities operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the Cities shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of BCRUA at all reasonable times.

(ii) In lieu of obtaining policies for insurance as provided above, the Cities may self-insure against risks, accidents, claims, or casualties described in clause (i) above.

(iii) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing the areas of insurance for which the City is self-insuring, all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(h) Audits. After the close of each Fiscal Year while this Contract is in effect, an audit will be made by each City of the books and accounts relating to its City System and the revenues of its City System. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to the Cities, a copy of such audit for the preceding Fiscal Year shall be mailed to BCRUA. Such annual audit reports shall be open to the inspection of BCRUA, its agents and representatives, the Trustee, and the owners of the Bonds at all reasonable times at BCRUA's office.

(i) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to a respective City System, and which have been obtained from any governmental entity, and the Cities have or will obtain and keep in full force and effect all franchises, permits, authorizations, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of a respective City System.

(j) No Competition. To the extent it legally may, each City hereby covenants solely with the owners of its series of Bonds issued by BCRUA, if any, that such City will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for a City System, to the extent such competing facility would impair the City System's ability to pay under this Contract, and, to the extent that it legally may, each City will prohibit any such competing facilities.

(k) Rights of Inspection. BCRUA, the Trustee, and the owners of 10% or more in principal amount of the Bonds of any series shall have the right at all reasonable times to inspect each City System and all records, accounts, and data of the respective City relating thereto, and upon request, each City shall furnish to BCRUA, the Trustee, and such owners of Bonds such financial statements, reports, and other information relating to a respective City and a respective City System as any such person may from time to time reasonably request.

(l) Sale, Lease, or Disposal of Property by the Cities. No part of a City System shall be sold, leased, mortgaged, demolished, removed, or otherwise disposed of, except as follows:

(i) To the extent permitted by law, a City may sell or exchange at any time and from time to time any property or facilities constituting a part of its City System only if (a) it shall determine such property or facilities are not useful in the operation of its City System, (b) the proceeds of such sale are \$250,000 or less, or it shall have received a certificate executed by the City Manager stating, in his/her opinion, that the fair market value of the property or facilities exchanged is \$250,000 or less, (c) if such proceeds or fair market value exceeds \$250,000 it shall have received a

certificate executed by the City Manager stating his/her opinion that the sale or exchange of such property or facilities will not impair the ability of the Cities to comply during the current or any future year with the rate covenant provisions of the Contract, or (d) the sale or exchange will not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of its City System shall forthwith, at the option of the City be used as provided in the ordinances of the City authorizing its Utility Bonds.

(ii) To the extent permitted by law, a City may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of its City System, provided that any such lease, contract, license, arrangement, easement or right (a) does not impede the operation by such City of its City System and (b) does not in any manner impair or adversely affect the rights or security of BCRUA under this Contract; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement, or other right is in excess of \$500,000, the affected City shall have received a certificate executed by the City Manager that the action of the such City with respect thereto does not result in a breach of the conditions under this subsection (ii). Any payments received by the affected City under or in connection with any such lease, contract, license, arrangement, easement or right in respect of one or more City System or any part thereof shall constitute gross revenues of the respective City System or Systems.

Section 12.4 Unconditional Obligation to Make Payment. Recognizing the fact that the Cities urgently require the facilities and services of the System, and that such facilities and services are essential and necessary for actual use and for standby purposes, and recognizing the fact that the Bond Payments to be received from each City will be the primary source of funds available to BCRUA and the Trustee to pay the Bonds and other System Costs, and recognizing the fact that purchasers of Bonds will rely on the obligation of the Cities to make Annual Payments with respect to their series of Bonds in accordance with the provisions of this Contract, each City hereby waives all rights of set-off, recoupment, counterclaim, suspension, deferment, reduction, and amendment, with respect to making its Annual Payments against BCRUA, the Trustee, and any other direct or indirect recipients of Annual Payments, and each City agrees that it shall make its appropriate Annual Payment even if no Bonds are issued for its benefit by BCRUA and if any Bonds are issued, each City shall be unconditionally obligated to pay its Annual Payments as provided and determined by this Contract, regardless of whether or not BCRUA actually acquires, constructs, or completes the System, or the portions thereof designated for its use, or breaches any obligation on its part hereunder, and whether or not each City actually uses the System, or the portions thereof designated for its use, whether due to Force Majeure or any other reason whatsoever, regardless of any other provisions of this Contract, any other contract or agreement between any of the Parties hereto. This covenant by each City shall be for the benefit of and enforceable by the owners of the Bonds and/or by BCRUA.

By entering into this Contract and performing its obligations under any Section of this Contract, each City does not release any persons from or waive any claims against such persons that the City may have resulting from actions by such persons contrary to that person's legal obligations.

Section 12.5 Term of Contract. This Contract shall be effective from and after its date, and this Contract shall continue in force and effect until the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of each Bond Resolution and thereafter continue in force and effect during the entire useful life of the System. When the principal of and interest on all Bonds shall have been paid or provision for the payment of all of the Bonds has been made in accordance with the terms of the Bond Resolution and all amounts owed to BCRUA, the Trustee, or any other person hereunder have been paid, all money held by the Trustee or BCRUA pursuant to the terms of the Bond Resolution shall be paid to BCRUA. Upon the termination of this Contract, BCRUA will charge each City a per gallonage charge (or other published rate) for treated water delivered to the Cities in accordance with BCRUA's then existing rate schedule.

Section 12.6 Amendment and Modification. This Contract shall not be amended except in writing of all Parties hereto. No change, amendment, or modification of this Contract shall be made or be effective which will affect adversely the prompt payment when due of all money required to be paid by each City under the terms of this Contract and no such change, amendment, or modification shall be made or be effective which would cause a violation of any provisions of any Bond Resolution.

Section 12.10 Remedies Upon Default. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by any party hereto and shall be cumulative. Recognizing that failure in the performance of the Cities' obligations hereunder could not be adequately compensated in money damages alone, each City agrees in the event of any default on its part that BCRUA and the owners of the Bonds as third-party beneficiaries shall have available to them the remedies of mandamus and specific performance in addition to any other legal or equitable remedies (other than termination) which may also be available to them. As long as an Insurer is not in default on the related Insurance Policy for a series of Bonds, the Insurer of a series of Bonds shall be deemed to be the Owner of such Bonds insured by it for purposes of enforcing the provisions of this Contract, so long as no event of default exists. Notwithstanding anything to the contrary contained in this Contract, any right or remedy or any default hereunder, except the right of BCRUA to receive the Annual Payments and the provision of Section 4.9 hereof, which shall never be determined to be waived, shall be deemed to be conclusively waived unless asserted by a proper proceeding at law or in equity within two (2)

years plus one (1) day after the occurrence of such default. No waiver or waivers of any breach or default (or any breaches or defaults) by any party hereto or of the performance by any other party of any duty or obligation hereunder shall be deemed a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character or description, under any circumstances.

Section 12.15 Succession and Assignment. This Contract is binding on and inures to the benefit of the Parties hereto and their respective successors, representatives, and assigns. This Contract may not be assigned by any party hereto without (i) complying with any provisions relating to the right of the Parties to assign this Contract contained in the Bond Resolution and (ii) prior written notice to and approval by the other Parties, which consent may be withheld without cause. The provisions of this Section do not affect the assignment of BCRUA's rights under this Contract to a Trustee pursuant to Section 4.8.

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EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following are excerpts of certain provisions of the Bond Resolution. Such excerpts do not purport to be complete or verbatim and reference should be made to the Bond Resolution for the entirety thereof. Copies of the Bond Resolution are available upon request to the Authority.

The following capitalized terms appearing in this Official Statement have the meanings set forth below, unless the context otherwise requires. A reference to any of these terms in the singular number includes the plural and vice versa.

"Additional Bonds" shall mean the obligations issued in accordance with the terms and conditions prescribed in Section 14 hereof.

"Annual Payments" shall have the meaning given in the Contract.

"Award Certificate" shall mean the Certificate executed by the BCRUA Representative in connection with the Bonds that establishes the terms of the Bonds issued pursuant to Section 3 of this Resolution.

"BCRUA" shall mean Brushy Creek Regional Utility Authority, Inc. and any other public agency succeeding to the powers, rights, privileges and functions of the BCRUA and, when appropriate, the Board of Directors of the BCRUA.

"BCRUA Representative" shall mean the General Manager of the BCRUA or in his or her absence the President of the Board of the BCRUA or such other person authorized by the Board to act as a BCRUA Representative.

"Bond Payments" shall mean the payments defined as "Bond Payments" within the Contract that the BCRUA expects to receive from the City of Leander, Texas pursuant to the terms of the Contract.

"Bonds" shall mean and include collectively the Bonds issued and delivered pursuant to this Resolution and the Award Certificate for the Bonds and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term Bond shall mean any of the Bonds.

"Bonds Similarly Secured" shall mean the Outstanding Series 2017 Bonds, the Bonds issued pursuant to this Resolution and any Additional Bonds hereafter issued by the BCRUA or bonds issued to refund any of the foregoing if issued in a manner that provides that the refunding bonds are payable from and equally and ratably secured by a lien on and pledge of the Bond Payments.

"Business Day" shall mean any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in The City of New York, New York or in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close.

"Contract" shall mean the "Amended and Restated Master Contract for the Financing, Construction and Operation of the Brushy Creek Regional Utility Authority Water Treatment and Distribution System," dated as of April 23, 2025, which amended and restated the "Master Contract for the Financing, Construction and Operation of the BCRUA Regional Water Treatment and Distribution Project," dated as of September 2, 2008, and the subsequent amendments thereto.

"Credit Agreement" shall mean an insurance policy, a surety bond (including any supporting insurance agreement), a letter or line of credit or other type of enhancement issued in support of any Bonds Similarly Secured by a Credit Agreement Provider at the request of the BCRUA.

"Credit Agreement Provider" shall mean (i) with respect to any Credit Agreement consisting of a policy of municipal bond insurance or a surety bond, an issuer of policies of insurance insuring the timely payment of scheduled debt service on governmental obligations such as the Bonds Similarly Secured, provided that a Rating Agency having an outstanding rating on the Bonds Similarly Secured would rate the Bonds Similarly Secured upon delivery of the Bonds Similarly Secured fully insured by a standard policy issued by the issuer in its highest generic rating category for such obligations; and (ii) with respect to any Credit Agreement consisting of a letter or line of credit, any financial institution, provided that a Rating Agency having an outstanding rating on the Bonds Similarly Secured would rate the Bonds Similarly Secured in one of its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Bonds Similarly Secured and the interest thereon.

"Debt Service Fund" shall mean the special fund or account created and established by the provisions of Section 10 of this Resolution.

"Debt Service Requirements" shall mean as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the BCRUA as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest calculated by (a) either (i) an interest rate equal to the average rate borne by such Bonds (or by comparable debt in the event that such Bonds have not been outstanding during the preceding 24 months) for any 24 month period ending within 30 days prior to the date of calculation, (ii) if the Bonds bear interest at tax-exempt

rates, an interest rate equal to the 24 month average of the Index (as most recently published in The Bond Buyer), unless such index is no longer published in The Bond Buyer, in which case the index to be used in its place shall be that index which the BCRUA Representative determines most closely replicates such index as set forth in a certificate of a BCRUA Representative, (iii) if the Bonds bear interest at taxable rates, an interest rate equal to the rate of the 30 day London Interbank Offered Rate, (iv) that interest rate which, in the judgment of the BCRUA Representative, based, to the extent possible, upon an accepted market index which corresponds with the provisions of the subject Bonds, is the average rate anticipated to be in effect with respect to such Bonds or (v) that interest rate which, in the judgment of the BCRUA Representative, based upon the interest rate methodology in the applicable Credit Agreement if calculating payments under a Credit Agreement, is the average rate anticipated to be in effect; and (b) that the debt service of such bonds is amortized such that annual debt service is substantially level over the remaining stated life of such bonds, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

"Defeasance Securities" shall mean (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provides for the funding of an escrow to effect the defeasance of Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent.

"Depository" shall mean an official depository bank of the BCRUA.

"Federal Securities" shall mean direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

"Fitch" shall mean Fitch Investors Service, L.P., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Fitch shall be deemed to refer to any other nationally recognized securities rating agency designated by the BCRUA.

"Leander" or "City" means the City of Leander, Texas, a home-rule municipality.

"Leander System" shall mean the combined water and wastewater system of Leander together with all future extensions, improvements, enlargements, and additions thereto, including, to the extent permitted by law, storm sewer and drainage and/or reclaimed water systems which are integrated with the waterworks or wastewater disposal system, and all replacements thereof, provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Leander System shall not include any waterworks or wastewater facilities which are declared by Leander not to be a part of the Leander System and which are hereafter acquired or constructed by Leander with the proceeds from the issuance of "Special Facilities Bonds," which are not secured by or payable from the net revenues of the Leander System, but which are secured by and are payable solely from special contract revenues, or payments received from Leander or any other legal entity, or any combination thereof, in connection with such facilities; and such revenues or payments shall not be considered as or constitute gross revenues of the Leander System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such "Special Facilities Bonds."

"Leander Utility Bonds" shall mean the bonds, notes or other obligations issued by Leander secured by a lien on and pledge of the net revenues of the Leander System or any part thereof regardless of lien priority including such bonds, notes or other obligations now or hereafter outstanding.

"Maintenance and Operation Expenses" shall mean the expenses necessary to provide for the administration, efficient operation and adequate maintenance of the BCRUA's System, including the cost of purchasing water, paying necessary wages, salaries, and benefits, the acquisition of property and materials necessary to maintain the System in good condition and to operate it efficiently, together with such other costs and expenses as may now or hereafter be defined by law as proper maintenance and operation expenses of the System, including Operation and Maintenance Expenses (as defined in the Contract).

"Moody's" shall mean Moody's Investors Service, Inc., its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Moody's shall be deemed to refer to any other nationally recognized securities rating agency designated by the BCRUA.

"Outstanding" shall mean when used in this Resolution with respect to Bonds Similarly Secured means, as of the date of determination, all Bonds Similarly Secured of any series issued and delivered pursuant to this Resolution or the resolution authorizing such Bonds Similarly Secured, as the case may be, except:

- (1) those Bonds Similarly Secured canceled by the applicable Paying Agent/Registrar or delivered to the applicable Paying Agent/Registrar for cancellation;
- (2) those Bonds Similarly Secured for which payment has been duly provided by the BCRUA in accordance with the provisions of Section 32 of this Resolution (or similar provisions of a resolution authorizing other Bonds Similarly Secured) by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Defeasance Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds Similarly Secured are to be redeemed, notice of redemption thereof shall

have been duly given pursuant to this Resolution or irrevocably provided to be given to the satisfaction of the applicable Paying Agent/Registrar, or waived; and

(3) those Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement Bonds Similarly Secured have been registered and delivered in lieu thereof as provided in Section 5(f) of this Resolution (or similar provisions of a resolution authorizing other Bonds Similarly Secured).

"Rating Agencies" shall mean S&P, Moody's and/or Fitch according to which of such rating agencies then rates the Bonds Similarly Secured of the applicable series; and provided that if no such rating agency then rates any series of Bonds Similarly Secured of such series, the term "Rating Agency" shall refer to any national rating agency (if any) which provides such rating.

"Refundable Obligations" means the Outstanding Series 2017 Bonds.

"Refunded Obligations" means those Refundable Obligations designated by the BCRUA Representative in the Award Certificate to be refunded.

"Registered Owner" shall mean the entity or person in whose names any of the Bonds are registered in the Registration Books.

"Registration Books" shall mean the books or records relating to the registration, payment and transfer or exchange of the Bonds maintained by the Paying Agent/Registrar pursuant to Section 5 of this Resolution.

"Resolution" shall mean this resolution adopted by the Board on March 25, 2026.

"S&P" shall mean S&P Global Ratings, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, S&P shall be deemed to refer to any other nationally recognized securities rating agency designated by the BCRUA.

"Series 2017 Bonds" shall mean the "Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Refunding Bonds (Brushy Creek Regional Water Treatment and Distribution Project), Series 2017" in the aggregate original principal amount of \$80,505,000.

"Special Project Bonds" shall mean obligations which the BCRUA expressly reserves the right to issue in Section 15 of this Resolution.

"State" shall mean the State of Texas.

"Stated Maturity" shall mean, when used with respect to the Bonds, the scheduled maturity or mandatory sinking fund redemption date of a series of the Bonds.

Section 7. PLEDGE OF BOND PAYMENTS. (a) *Pledge.* The BCRUA hereby covenants and agrees that the Bond Payments are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds or accounts created and established on the books and records of the BCRUA for the payment and security thereof, all as hereinafter provided; and it is hereby resolved that the Bonds Similarly Secured, and the interest thereon, shall constitute a lien on and pledge of the Bond Payments and be valid and binding without any physical delivery thereof or further act by the BCRUA, and the lien created hereby on the Bond Payments for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability, or obligation of the BCRUA or the BCRUA Project payable pursuant to the terms of the Contract. The BCRUA shall deposit the Bond Payments, as collected and received, into a separate fund and account on the books and records of the BCRUA known as the "Leander Debt Service Fund," which has been created and is hereby confirmed, to be utilized pursuant to the Contract and Sections 9 and 12 hereof to pay the Bonds; provided, however, that the Board of the BCRUA may utilize any revenues, including those generated by the Contract, in excess of the Debt Service Requirements on the Bonds Similarly Secured for any lawful purpose in accordance with this Resolution and the Contract.

(b) *Perfection of Pledge.* Chapter 1208, as amended, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the lien on and pledge of Bond Payments granted by the BCRUA under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If State law is amended at any time while the Bonds Similarly Secured are outstanding and unpaid such that the pledge of the Bond Payments granted by the BCRUA is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds Similarly Secured the perfection of the security interest in this pledge, the Board agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, as amended, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

Section 8. RATES AND CHARGES. For the benefit of the Registered Owners of the Bonds Similarly Secured and in addition to all provisions and covenants in the laws of the State and in this Resolution, the Contract between the BCRUA and Leander expressly stipulates and agrees, while any of the Bonds Similarly Secured are Outstanding, Leander will fix and collect such rates and charges for services to be supplied by the Leander System as will produce gross revenues at all times during the term of the Contract in an amount equal to pay all of the expenses of operation and maintenance of the Leander System including Annual Payments and

Bond Payments under the Contract and all other amounts required by the laws and the provisions of the ordinances or resolutions authorizing the Leander Utility Bonds or other obligations now or hereafter outstanding payable, in whole or in part, from the net revenues of the Leander System, including the amounts required to pay all principal of and interest on such Leander Utility Bonds and other obligations. The BCRUA hereby expressly stipulates that it will maintain rates and charges through the Bond Payments to meet the debt service requirements on the Bond Similarly Secured and agrees that it will take all appropriate action to enforce such terms of the Contract while any of the Bonds Similarly Secured are Outstanding.

The Registered Owners shall never have the right to demand payment for the Bonds out of any funds raised or to be raised from taxation by Leander or the BCRUA.

Section 9. DISTRIBUTION OF BOND PAYMENTS. After the Bond Payments have been received by the BCRUA such payments shall be further deposited into the Debt Service Fund as required by this Resolution.

Section 10. DEBT SERVICE FUND

(h) **Debt Service Fund.** For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same become due and payable, the BCRUA agrees to maintain, at the Depository, a separate and special fund or account to be created and known as the "Brushy Creek Regional Utility Authority, Inc. City of Leander, Texas Contract Revenue Bonds (Brushy Creek Regional Water Treatment and Distribution Project) Debt Service Fund" (the "Debt Service Fund"). The BCRUA covenants that there shall be deposited into the Debt Service Fund prior to each principal and interest payment date solely from the available Bond Payments made by Leander pursuant to Section 9 of this Resolution an amount equal to one hundred per cent (100%) of the amount required to fully pay the interest on and the principal of the Bonds Similarly Secured then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds Similarly Secured to be made in substantially equal monthly installments on or before the first day of each month. If the Bond Payments in any month are insufficient to make the required payments into the Debt Service Fund, then the amount of any deficiency in such payment shall be added to the amount otherwise required to be paid into the Debt Service Fund in the next month.

The required monthly deposits to the Debt Service Fund for the payment of principal of and interest on the Bonds Similarly Secured shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Debt Service Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or (ii) the Bonds Similarly Secured are no longer Outstanding.

Any surplus proceeds from the sale of the Bonds, including investment income therefrom, not expended for authorized purposes shall be deposited into the Debt Service Fund, and such amounts (i.e., accrued and investment interest) so deposited into the Debt Service Fund shall reduce the sum otherwise required to be deposited in the Debt Service Fund from Bond Payments.

Section 11. DEFICIENCIES – EXCESS BOND PAYMENTS. (a) **Deficiencies.** If on any occasion there shall not be sufficient Bond Payments to make the required deposits into the Debt Service Fund, then such deficiency shall be cured as soon as possible from the next available unallocated Bond Payments and such payments shall be in addition to the amounts required to be paid into these funds or accounts during such month or months.

(b) **Excess Bond Payments.** Subject to making the required deposits to the Debt Service Fund when and as required by this Resolution, any resolution authorizing the issuance of any currently Outstanding Bonds Similarly Secured or any resolution authorizing the issuance of Additional Bonds, any excess Bond Payments may be used by the BCRUA for any lawful purpose including, but not limited to, the redemption of any Bonds Similarly Secured.

Section 12. PAYMENT OF BONDS. While any of the Bonds Similarly Secured are Outstanding, the General Manager or other authorized BCRUA official, shall cause to be transferred to the Paying Agent/Registrar therefor, from funds on deposit in the Debt Service Fund, if necessary, amounts sufficient to fully pay and discharge promptly each installment of interest on and principal of the Bonds Similarly Secured as such installment accrues or matures; such transfer of funds must be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date a debt service payment is due on the Bonds Similarly Secured.

Section 13. INVESTMENTS. Funds held in any fund or account created, established, or maintained pursuant to this Resolution shall be invested as permitted by the provisions of the BCRUA investment policy and the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code and secured (to the extent not insured by the Federal Deposit Insurance Corporation) to the fullest extent required by the Public Funds Collateral Act, as amended, Chapter 2257, Texas Government Code. All interest and income derived from deposits and investments in any fund shall immediately be credited to, and any losses debited from, the fund from which such funds were derived. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

Section 14. ISSUANCE OF ADDITIONAL BONDS. In addition to the right to issue bonds of inferior lien as authorized by the laws of this State, the BCRUA reserves the right hereafter to issue Additional Bonds. The Additional Bonds, when issued, shall be payable from and secured by a lien on and pledge of the Bond Payments in the same manner and to the same extent as the Bonds and the other Bonds Similarly Secured, and shall in all respects be of equal dignity. The Additional Bonds may be issued in one or more series provided, however, that no Additional Bonds, shall be issued unless and until the following conditions have been met:

- (i) Except for a refunding to cure a default, the BCRUA is not then in default as to any covenant, condition or obligation prescribed in the resolutions authorizing the issuance of the Bonds Similarly Secured or the Contract (including any amendment or supplement thereto) and the funds under the resolution authorizing the same contains the amounts then required to be therein;
- (ii) A consulting engineer certifies to the BCRUA the need for an estimated amount of additional financing required for completion, expansion, enlargement or improvement of the BCRUA Project as now or hereafter defined in the Contract; provided, however, this certification shall not be necessary for the issuance of any refunding bonds;
- (iii) Leander shall have approved the resolution(s) authorizing the issuance of the Additional Bonds as to form and content and acknowledged that the payment of principal of and interest on such Additional Bonds is payable, in whole or in part, from the Bond Payments to be made to the BCRUA under and pursuant to the Contract;
- (iv) The resolution authorizing the issuance of the Additional Bonds provides for deposits to be made to the Debt Service Fund in amounts sufficient to pay the principal of and interest on such Additional Bonds as the same become due; and
- (v) Based upon an opinion of legal counsel to the BCRUA that there are legal, valid and bindings contracts then in effect pursuant to which Leander and others, if any, which are parties to such contracts are obligated to make payments to the BCRUA during each fiscal year (including periods when services of the BCRUA Project may not be available to such contracting parties and others) in such amounts as shall be necessary to provide to the BCRUA sufficient funds to pay when due all principal and interest on all Bonds, Additional Bonds and other Bonds Similarly Secured to be Outstanding after the issuance of the proposed Additional Bonds.

The Bonds Similarly Secured may be refunded (pursuant to any law then available) upon such terms and conditions as the Board of the BCRUA may deem to be in the best interest of the BCRUA; provided, however, such refunding bonds do not have to comply with paragraph (ii) of this Section 14.

Section 15. SPECIAL PROJECT BONDS. The BCRUA further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of utility facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or entities including Leander, such bonds to be payable from and secured by the proceeds of such contract or contracts (other than the Contract). The BCRUA further reserves the right to refund such bonds and secure the payment of the debt service requirements on the refunding bonds in the same manner or as otherwise permitted by the laws of the State.

Section 21. LIMITED OBLIGATIONS OF THE BCRUA. The Bonds Similarly Secured are limited, special obligations of the BCRUA payable from and equally and ratably secured solely by a lien on and pledge of the Bond Payments, and the Registered Owners thereof shall never have the right to demand payment of the principal or interest on the Bonds Similarly Secured from any funds raised or to be raised through taxation by Leander or the BCRUA.

Section 22. DEFAULT AND REMEDIES. (a) Events of Default. Each of the following occurrences or events for the purpose of this Resolution is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of BCRUA, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Resolution, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to BCRUA; or
- (iii) a default by Leander under the Contract.

(b) Remedies for Event of Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against BCRUA, or any official, officer or employee of BCRUA in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Resolution, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies. The Registered Owners are third party beneficiaries to the Contract with the ability to enforce the provisions of the Contract for such period that a default exists under the Contract.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then Outstanding.

(iii) As long as an Insurer is not in payment default on the related Insurance Policy for the Bonds, the Insurer shall be deemed to be the sole Registered Owner of such Bonds insured by it for purposes of enforcing remedies in the Event of Default under this Resolution.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Resolution, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Resolution.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Bond authorized under this Resolution, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Resolution do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of BCRUA or the Board.

(iv) None of the members of the Board of Directors, nor any other official or officer, agent, or employee of BCRUA, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Resolution, or because of any Event of Default or alleged Event of Default under this Resolution.

Section 23. AMENDMENT OF RESOLUTION. (a) *Amendments Without Consent.* This Resolution and the rights and obligations of BCRUA and of the Registered Owners of the Bonds may be modified or amended at any time without notice to or the consent of any Registered Owner of the Bonds or any Bonds Similarly Secured, solely for any one or more of the following purposes:

(i) To add to the covenants and agreements of BCRUA contained in this Resolution, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon BCRUA in this Resolution;

(ii) To cure any ambiguity or inconsistency, or to cure or correct any defective provisions contained in this Resolution, upon receipt by BCRUA of an opinion of counsel, that the same is needed for such purpose, and will more clearly express the intent of this Resolution;

(iii) To supplement the security for the Bonds, replace or provide additional Credit Agreement, or change the form of the Bonds or make such other changes in the provisions hereof as BCRUA may deem necessary or desirable and which shall not, in the judgment of BCRUA, materially adversely affect the interests of the owners of the Outstanding Bonds;

(iv) To make any changes or amendments requested by any bond rating agency then rating or requested to rate the Bonds, as a condition to the issuance or maintenance of a rating, which changes or amendments do not, in the judgment of BCRUA, materially adversely affect the interests of the owners of the Outstanding Bonds;

(v) To make such changes, modifications or amendments as are permitted by Section 30(c) of this Resolution;

(vi) To make such other changes in the provisions hereof as BCRUA may deem necessary or desirable and which shall not, in the judgment of BCRUA, materially adversely affect the interests of the owners of the Outstanding Bonds; or

(vii) To assign the Contract to a trustee.

(b) **Amendments With Consent.** Subject to the other provisions of this Resolution, the Registered Owners of Outstanding Bonds aggregating 51% in Outstanding principal amount shall have the right to approve any amendment, other than amendments described in Subsection (a) of this Section, to this Resolution which may be deemed necessary or desirable by BCRUA; provided, however, that nothing herein contained shall permit or be construed to permit, without the approval of the owners of all of the Outstanding Bonds, the amendment of the terms and conditions in this Resolution or in the Bonds so as to:

- (1) Make any change in the maturity of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by the Outstanding Bonds;
- (3) Reduce the amount of the principal payable on the Outstanding Bonds;
- (4) Modify the terms of payment of principal of or interest on the Outstanding Bonds, or impose any conditions with respect to such payment;
- (5) Affect the rights of the owners of less than all Bonds then Outstanding; or
- (6) Change the minimum percentage of the Outstanding principal amount of Bonds necessary for consent to such amendment.

(c) **Notice.** (i) If at any time BCRUA shall desire to amend this Resolution other than pursuant to Section 23(a) of this Resolution, BCRUA shall cause notice of the proposed amendment to be published in a financial newspaper or journal of general circulation in The City of New York, New York or the State including in the Texas Bond Reporter once during each calendar week for at least two (2) successive calendar weeks. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of Bonds. Such publication is not required, however, if BCRUA gives or causes to be given such notice in writing to each Registered Owner of Bonds.

(ii) In the event a Rating Agency maintains a rating on the Bonds, copies of any modification or amendment to this Resolution shall be sent to such Rating Agency, as applicable, at least ten (10) days prior to the effective date thereof.

(d) **Receipt of Consents.** Whenever at any time not less than thirty (30) days, and within one (1) year, from the date of the first publication of said notice or other service of written notice of the proposed amendment BCRUA shall receive an instrument or instruments executed by all of the owners or the owners of at least 51% in Outstanding principal amount of Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, BCRUA may adopt the amendatory resolution in substantially the same form.

(e) **Effect of Amendments.** Upon the adoption by BCRUA of any resolution to amend this Resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be amended in accordance with the amendatory resolution, and the respective rights, duties, and obligations of BCRUA and all the owners of then Outstanding Bonds and all future Bonds shall thereafter be determined, exercised, and enforced under the resolution and this Resolution, as amended.

(f) **Consent Irrevocable.** Any consent given by any owner of Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication or other service of the notice provided for in this Section and shall be conclusive and binding upon all future owners of the same Bonds during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Registrar and BCRUA, but such revocation shall not be effective if the owners of 51% in Outstanding principal amount of Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) **Ownership.** For the purpose of this Section, the ownership and other matters relating to all Bonds registered as to ownership shall be determined from the Registration Books kept by the Paying Agent/Registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar.

(h) **Insurer Consent.** Notwithstanding the foregoing provisions of this Section, so long as any Insurer is not in payment default under its policy, no amendment or supplement to this Resolution may become effective except upon obtaining the prior written consent of any such Insurer.

Section 25. RESOLUTION TO CONSTITUTE A CONTRACT; EQUAL SECURITY. In consideration of the acceptance of the Bonds, the issuance of which is authorized hereunder, by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between BCRUA and the Registered Owners from time to time of the Bonds and the pledge made in this Resolution by BCRUA and the covenants and agreements set forth in this Resolution to be performed by BCRUA shall be for the equal and proportionate benefit, security, and protection of all Registered Owners, without preference, priority, or distinction as to security or otherwise of any of the Bonds authorized hereunder over any of the others by reason of time of issuance, sale, or maturity thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Resolution.

Section 26. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements, or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

Section 27. PAYMENT AND PERFORMANCE ON BUSINESS DAYS. Except as provided to the contrary in the FORM OF BOND, whenever under the terms of this Resolution or the Bonds, the performance date of any provision hereof or thereof, including the payment of principal of or interest on the Bonds, shall occur on a day other than a Business Day, then the performance thereof, including the payment of principal of and interest on the Bonds, need not be made on such day but may be performed or paid, as the case may be, on the next succeeding Business Day with the same force and effect as if made on the date of performance or payment.

Section 28. LIMITATION OF BENEFITS WITH RESPECT TO THE RESOLUTION. With the exception of the rights or benefits herein expressly conferred, nothing expressed or contained herein or implied from the provisions of this Resolution or the Bonds is intended or should be construed to confer upon or give to any person other than BCRUA, the Registered Owners, and the Paying Agent/Registrar, any legal or equitable right, remedy, or claim under or by reason of or in respect to this Resolution or any covenant, condition, stipulation, promise, agreement, or provision herein contained. This Resolution and all of the covenants, conditions, stipulations, promises, agreements, and provisions hereof are intended to be and shall be for and inure to the sole and exclusive benefit of BCRUA, the Registered Owners, and the Paying Agent/Registrar as herein and therein provided.

Section 32. DEFEASANCE PROVISIONS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Resolution, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by BCRUA with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Bond Payments as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities, and thereafter BCRUA will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the Defeasance Bond.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Resolution. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of BCRUA also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to BCRUA.

(c) Notwithstanding any provision of any other Section of this Resolution which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and BCRUA shall make proper arrangements to provide and pay for such services as required by this Resolution.

(d) Notwithstanding anything elsewhere in this Resolution, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, BCRUA retains the right under State law to later call that Defeased Bond for redemption in accordance with the provisions of this Resolution, BCRUA may call such Defeased Bond for redemption upon complying with the provisions of State law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 40. CREDIT AGREEMENTS. To the extent permitted by law, BCRUA reserves the right to enter into Credit Agreements in connection with the Bonds, upon the written opinion of the BCRUA Representative that such Credit Agreements are in the best interest of BCRUA given the market conditions at the time. The Credit Agreements will constitute a Credit Agreement as defined in this Resolution. Credit Agreements and the obligations thereunder may, pursuant to their terms, constitute (i) debt secured by a pledge of the Bond Payments on parity with the Bonds Similarly Secured (ii) debt secured by an inferior lien secured by a pledge of the Bond Payments subordinate to the Bonds Similarly Secured or (iii) partially parity and partially inferior lien.

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TAX MATTERS

TAX EXEMPTION....In the opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel to the Authority, assuming continuing compliance by the Authority with the tax covenants described below, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel has relied on the Authority's covenants contained in the Bond Resolution and the Authority's covenants contained in the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, relating to, inter alia, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue of the Bonds. Bond Counsel has not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date of issuance of the Bonds that may affect the tax-exempt status of the interest.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds.

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES....Prospective purchasers of the Bonds should be aware that the ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, holders who may be deemed to have incurred or continued indebtedness to acquire or carry tax-exempt obligations, controlled foreign corporations, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit, and to individuals and families that qualify for a premium assistance credit amount under Section 36B of the Code. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the Bonds will be included in determining the modified adjusted gross income of the taxpayer. Section 36B of the Code provides that the amount of the premium assistance credit amount is in part determined by the household income. Section 36B(d) of the Code provides that household income consists of the modified adjusted gross income of the taxpayer and certain other individuals. Modified adjusted gross income means adjusted gross income increased by certain amounts, including interest received or accrued by the taxpayer which is exempt from tax, such as the interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Section 884 of the Code imposes on certain foreign corporations a branch profits tax equal to thirty percent (30%) of the "dividend equivalent amount" for the taxable year. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation.

In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for any S corporation that has Subchapter C earnings and profits at the close of the taxable year, if more than twenty-five percent (25%) of the gross receipts of such S corporation is passive investment income.

In addition, attention is called to the fact that Section 265(b)(1) of the Code eliminates the interest deduction otherwise allowable with respect to indebtedness deemed incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations acquired after August 7, 1986 other than designated "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS... The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year. However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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.

CHANGES IN FEDERAL AND STATE TAX LAW... From time to time, there are legislative proposals in the United States Congress and in the states that, if enacted, could alter or amend the Federal and State tax matters referred to above or adversely affect the market value or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors regarding any other federal income tax legislation, whether currently pending or proposed, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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INVESTMENTS

The Authority invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Authority. Both state law and the investment policies of the Authority are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES . . . Under Texas law, the Authority and the City are authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates (i) meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code) that are issued by or through an institution that either has its main office or a branch in Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for Authority or City deposits, or (ii) where (a) the funds are invested by the Authority or the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the Authority or the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the Authority or the City, (iii) the broker or the depository institution selected by the Authority or the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority or the City, (iv) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (v) the Authority or the City appoints the depository institution selected under (ii) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority or the City with respect to the certificates of deposit issued for the account of the Authority or the City; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the Authority or the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Authority or the City, held in the Authority or City's name, respectively, and deposited at the time the investment is made with the Authority or City, respectively, or a third party designated by the Authority or City, respectively; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The Authority or City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The Authority or City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Authority or City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Authority or City must do so by order, ordinance, or resolution.

The Authority or City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the Authority and the City are required to invest its respective funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for Authority or City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Texas Public Funds Investment Act. All Authority or City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the Authority's and City's respective 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." At least quarterly the Authority's or City's investment officers must submit an investment report to the Board of Directors or City Council, respectively, detailing: (1) the investment position of the Authority or City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest Authority or City funds without express written authority from the Board of Directors or City Council, respectively.

Under Texas law, the Authority and City are each additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the Authority or City to disclose the relationship and file a statement with the Texas Ethics Commission and the Authority or City, (3) require the registered principal of firms seeking to sell securities to the Authority or City to: (a) receive and review the Authority's or City's respective investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the Authority's or City's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the Authority's or City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer, (9) adopt a rule, order or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order or resolution, and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Authority or City.

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CONTINUING DISCLOSURE OF INFORMATION

Pursuant to the Bond Resolution and the City's resolution approving the Bond Resolution and the continuing disclosure commitment of the City contained in the Contract, the Authority and the City have made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City and the Authority are required to observe the agreement for so long as the City remains obligated under the Contract to make contract payments to the Authority to pay the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and the Authority and the City will be obligated to provide timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). Such information will be available to the public at no charge via the Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS . . . The Authority and the City will provide certain updated financial information and operating data to the MSRB annually. The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2026, financial information and operating data with respect to the City and the Leander System of the general type included under the caption "DEBT INFORMATION" and in Tables 1-4 and 6-8 of APPENDIX B of this Official Statement and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. In addition, the Authority will file its audited financial statements with the MSRB within six months after the end of each fiscal year of the Authority.

Any financial statements to be provided by the City or the Authority shall be (i) prepared in accordance with the accounting principles described in APPENDIX C hereto with respect to the City and APPENDIX A hereto with respect to the Authority or such other accounting principles as the City or the Authority, respectively, may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in this Official Statement, and (ii) audited, if the City or the Authority commissions an audit of such financial statements and such audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City or the Authority, respectively, shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The Authority and the City's fiscal year end is September 30. Accordingly, the Authority and the City must provide updated information by March 31 in each year, unless the Authority or the City, as applicable, changes its fiscal year. If the City or the Authority changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City or the Authority, respectively, otherwise would be required to provide financial information and operating data pursuant to this section.

EVENT NOTICES . . . The Authority and the City will provide notice to the MSRB of any of the following events with respect to the Bonds in a timely manner (and not more than 10 business days after occurrence of the event): (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 federal income tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders 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 Authority or the City, respectively, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the Authority or the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority or the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority or the City, any of which reflect financial difficulties. Neither the Bonds nor the Bond Resolution make any provision for credit enhancement or liquidity enhancement. In addition, the Authority and the City will provide timely notice of any failure by the Authority or the City, respectively, to provide information, data, or financial statements in accordance with their respective agreements described above under "Annual Reports." The Authority and the City will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority or the City, respectively, in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or the City, respectively, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority or the City, respectively, and (b) the Authority and the City intend the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . The Authority and the City have agreed to provide the foregoing information only as described above to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through EMMA free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The Authority and the City have agreed to update information and to provide notices of certain events only as described above. The Authority and the City have not agreed to provide other information that may be relevant or material to a complete presentation of their respective financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority and the City make 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 Authority and the City disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of their continuing disclosure agreement or from any statement made pursuant to their agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority or the City to comply with their agreement.

The Authority or the City, as the case may be, may amend their continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority or the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein 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 (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority or the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority or the City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority or the City so amend their agreement, the City has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the Authority has complied in all material respects with its continuing disclosure agreements in accordance with the Rule. During the past five years, the City has complied in all material respects with its continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

RATINGS . . . The Bonds and the Authority's presently outstanding contract revenue bonds issued on behalf of the City have been assigned an underlying rating of "AA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). The Authority's rating was upgraded from "AA-" to "AA" on February 2, 2025. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the Authority makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of the City Attorney, the Authority's General Counsel and City Staff that there is no pending litigation against the Authority or the City that would have a material adverse financial impact upon the Authority, the Leander System or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for 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 provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code), as amended, provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their

market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The Authority will furnish the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding special obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. In connection with the issuance of the Bonds, Bond Counsel was engaged by and only represents, the Authority. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions "PLAN OF FINANCE" (exclusive of the subcaption "SOURCES AND USES OF PROCEEDS"), "THE BONDS" (exclusive of subcaptions "BOOK-ENTRY-ONLY SYSTEM" and "BONDHOLDERS' REMEDIES"), "EXCERPTS OF CERTAIN PROVISIONS OF THE CONTRACT," "EXCERPTS OF CERTAIN PROVISIONS OF THE BOND RESOLUTION," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "COMPLIANCE WITH PRIOR UNDERTAKINGS") and the subcaptions "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "LEGAL OPINIONS" (exclusive of the last sentence of the first paragraph) under the caption "OTHER INFORMATION" in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Resolution and the City's continuing disclosure commitments in the resolution approving the Bond Resolution and the Contract. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the book-entry-only system. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

The 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.

MUNICIPAL ADVISORS . . . Specialized Public Finance, Inc. is employed as Municipal Advisor to the Authority in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds, if any, is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor has relied on the opinions of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

RBC Capital Markets, LLC is employed as municipal advisor to the City of Leander in connection with the issuance of the Bonds. RBCCM's fee for services rendered with respect to the sale of the Bonds, if any, is contingent upon the issuance and delivery of the Bonds. RBCCM, in its capacity as municipal advisor to the City, has relied on the opinions of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. All advice as defined in Section 15B of the Securities Exchange Act of 1934 (whether written or oral and inclusive of any recommendation) rendered by RBCCM in connection the Bonds has been given solely for the use and benefit of the City.

RBCCM is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

UNDERWRITING . . . The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the Authority, at prices equal to the initial offering prices to the public as shown on page 2 of this Official Statement, less an underwriting discount of \$197,483.18. The Underwriters will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, municipal advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the issuer for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire a long and/or short positions in such assets, securities and other financial instruments

HOLD THE PRICE LANGUAGE . . . The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at prices equal to the initial offering prices to the public as shown on page 2 of this Official Statement, less an underwriting discount of \$197,483.18. The Underwriters will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS . . . Robert Thomas CPA, LLC, (the "Verification Agent") a firm of independent certified public accountants, upon delivery of the Bonds, will deliver to the Authority its report indicating that they have verified the mathematical accuracy of computations prepared by the Municipal Advisors relating to (a) the sufficiency of the anticipated receipts from the Escrowed Securities and cash deposited into the Escrow Fund to pay the Refunded Obligations and (b) the yields on the Bonds.

The report of the Verification Agent will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The Authority's actual results could differ materially from those discussed in such forward-looking statements.

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

AUTHORIZATION OF OFFICIAL STATEMENT . . . The Bond Resolution authorizing the issuance of the Bonds authorized the BCRUA Representative to approve any Official Statement and any supplement thereto relating to the Bonds. The bond purchase agreement executed by the BCRUA Representative and the Underwriters approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Bonds by the Underwriters.

BRUSHY CREEK REGIONAL
UTILITY AUTHORITY, INC.

By: /s/ Sam Roberts
BCRUA Representative

SCHEDULE I – SCHEDULE OF REFUNDED BONDS

BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC. CITY OF LEANDER, TEXAS

Contract Revenue Refunding Bonds, Series 2017

<u>Maturity</u>	<u>Principal</u>	<u>Coupon</u>	<u>CUSIP</u>
08/01/2027	\$ 3,490,000	5.000%	117467FL9
08/01/2028	3,680,000	3.000%	117467FM7
08/01/2029	3,805,000	3.000%	117467FN5
08/01/2030	3,930,000	4.000%	117467FP0
08/01/2031	4,095,000	4.000%	117467FQ8
08/01/2032	4,265,000	4.000%	117467FR6
08/01/2033	4,445,000	4.000%	117467FS4
08/01/2034	4,635,000	5.000%	117467FT2
08/01/2035	4,870,000	5.000%	117467FU9
08/01/2036	5,125,000	5.000%	117467FV7
08/01/2037	5,390,000	5.000%	117467FW5
	<u>\$ 47,730,000</u>		

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APPENDIX A

BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2025

Brushy Creek Regional Utility Authority, Inc.
Financial Report
For the Fiscal Year Ended September 30, 2025
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Financial Section

Independent Auditor's Report

To the Board of Directors
Brushy Creek Regional Utility Authority, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Brushy Creek Regional Utility Authority, Inc. (BCRUA), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise BCRUA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of BCRUA, as of September 30, 2025, and the respective changes in financial position and cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 BCRUA 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.

Emphasis-of-Matter

As discussed in Note 6 to the financial statements, BCRUA is dependent on the Cities of Cedar Park, Leander, and Round Rock, Texas for the continued funding of its operating activities. The Cities annually budget funds for operational expenses and debt service requirements of BCRUA. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BCRUA'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 GAAS and *Government 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 GAAS and *Government 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 BCRUA'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 BCRUA'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 information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BCRUA's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such Information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026 on our consideration of BCRUA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BCRUA's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
January 16, 2026

Management's Discussion and Analysis

About BCRUA

The Brushy Creek Regional Utility Authority (BCRUA) is a partnership among the Cities of Cedar Park, Leander and Round Rock, Texas to plan, design, construct, finance, and operate a regional water system that supplies treated water to the three communities.

Cedar Park, Leander and Round Rock are among the fastest growing cities in Texas. Their combined population, based on 2020 U.S. census estimates, is approximately 289,000. By 2040, their population is projected to exceed 500,000. In addition, the three cities provide potable water service to a variety of external subdivisions and municipal utility districts. This project provides facilities to access, treat and deliver water from Lake Travis to each partner city's customers. While the three cities have other treated water sources, BCRUA has been providing treated water to the cities since the first phase was completed in 2012 and will continue to increase the quantity provided with each expansion to meet the needs of Cedar Park, Leander and Round Rock to their ultimate build-out.

The regional concept ensures the responsible use of resources and the least impact on both the environment and neighboring communities. Rather than three communities building three separate water supply projects with three pipelines, three intakes, and three treatment plants, the BCRUA project streamlined the effort for minimum impact and maximum efficiency. The regional option afforded the three cities the opportunity to realize "economy of scale" savings of approximately 30%, or more than \$90 million.

The BCRUA Board of Directors is composed of six members, two appointed from each of the partnering cities. A General Manager directs the day-to-day business of the BCRUA, and a Plant Superintendent oversees the operation of the system.

Plant operations officially began July 1, 2012. Operations for the project have been divided into three categories: plant staffing; General Manager/administrative support; and financial support/accounting services, with each city taking responsibility for one of the categories. Plant staffing is provided by Round Rock, and consists of one plant superintendent, one plant supervisor, an administrative support assistant, nine plant operators, a Supervisory Control and Data Acquisition (SCADA) support specialist and two mechanic positions. The General Manager and administrative support are also provided by Round Rock. Finance and Accounting is provided by Cedar Park and investment advisory services management is provided by Leander. While each city maintains responsibility for their own category, the Operations Committee (composed of two staff members from each city) provides oversight of each city's contribution to ensure appropriate controls are in place.

The regional water treatment plant (WTP) will have an ultimate capacity of 105.8 million gallons per day (mgd) and is being built in phases to better match the capacity with near-term needs. Phase 1A was substantially completed in July 2012 and included the raw water and treated water pipelines and some plant components sized to meet the ultimate capacity of 105.8 mgd, and a 17.0 mgd water treatment plant. Phase 1B, completed in 2018 was a re-rate of the treatment plant to 22.6 mgd, and Phase 1C, completed in 2020 expanded the plant to 32.5 mgd.

In August 2023, the BCRUA Board of Directors approved a \$16.86 million contract with Excel Construction Services, LLC to construct the Phase 1D WTP expansion, which will increase the plant capacity to 41.9 mgd. Corresponding agreements for construction materials testing and engineering construction and bid phase services were also approved for \$79,000 and \$1.5 million, respectively. Substantial completion of the project was completed in November of 2025.

In May 2022, the Board of Directors approved a \$225 million contract with Thalle/SAK Joint Venture to construct the Phase 2 Raw Water Delivery System with a capacity of 144.7 mgd. This intake will deliver raw water to the BCRUA regional water treatment plant as well as to the City of Cedar Park and City of Leander water treatment plants. Corresponding agreements for construction materials testing and engineering construction phase services were also approved for \$496,000 and \$22.6 million, respectively. Construction is expected to be completed in mid-2027.

In October of 2025, the BCRUA Board of Directors approved a \$97.62 million contract with Webber Waterworks, LLC to construct the Phase 2AWTP expansion, which will increase the plant capacity to 64.2 mgd. Funding for this project will be SWIFT funds for Leander (\$51.15M) and other financing by Round Rock (\$46.47M). Construction is expected to be completed in Fall of 2028.

The existing BCRUA raw water delivery system consists of a floating intake on Lake Travis that conveys raw water to the WTP via a 36-inch diameter underwater pipeline to a 78-inch diameter transmission main. In December 2020, the underwater pipeline failed, rendering the BCRUA system inoperable until May 2021 when repairs could be completed. The pipeline repair cost was approximately \$3.0 million. In September 2022, routine dive inspections revealed that the pipeline was leaking at the previously installed repair sleeve. The leak was repaired via a \$2.7 million construction contract with Thalle Construction Company (Thalle). In February 2023, a second leak was identified, resulting in a change order to the Thalle contract for \$1.55 million to provide a more permanent repair. An investigation of the cause of the failure determined that the original pipe support for the pipeline is inadequate and must be addressed to provide reliable service until the Phase 2 Raw Water Delivery System comes online in mid-2027. A notice of claim was issued to both the original design engineering firm and construction company resulting in a settlement amount in favor of the BCRUA for \$4.5 million in March 2025. A contract for construction of a replacement pipeline was awarded in September 2023 for \$6.71 million to Thalle. A \$5 million American Rescue Plan Act (ARPA) grant was received and expended in fiscal year 2024 to offset the cost of the project.

What follows is a discussion and analysis of the BCRUA's financial performance for the fiscal year ended September 30, 2025. Please read it in conjunction with the Independent Auditors' Report on pages 3 - 5 and BCRUA's Basic Financial Statements, which begin on page 15.

Overview of the Financial Statements

This annual report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) notes to the financial statements. This report also contains combining statements as supplementary information and internal controls and compliance reports, in addition to the basic financial statements.

Basic Financial Statements

The basic financial statements include the Statement of Net Position (page 16), the Statement of Revenues, Expenses, and Changes in Net Position (page 17) and the Statement of Cash Flows (page 18). The BCRUA operates as an enterprise activity and consists of one proprietary fund.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the basic financial statements.

The basic financial statements are designed to provide readers with a broad overview of BCRUA's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of BCRUA's assets and liabilities, with the difference between the two reported as net position. BCRUA's net position provides one measure of BCRUA's financial health, or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BCRUA is improving or deteriorating. To fully assess the overall health of the BCRUA, however, nonfinancial factors should be considered as well, such as the condition of assets, and the total economic impact of the entity on the Cities of Cedar Park, Leander and Round Rock, Texas.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the BCRUA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The Statement of Cash Flows presents cash receipts, cash disbursements and net changes in cash resulting from operating, financing and investing activities. This statement provides information such as where cash originated, how it was used and the net change in cash balances during the reporting period.

Notes to the Financial Statements

The notes provide required disclosures and other additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements present information about the accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 19 through 27 of this report.

Supplementary Information

The combining statements are presented for purposes of additional analysis and to provide an overview of the financial position and results of operations related to each partner City. The combining statements can be found on pages 30 through 32 of this report.

Financial Analysis

Financial Highlights

- Partner city contributions to net position for the year ended September 30, 2025 were \$33,257,662.
- Total net position at September 30, 2025 was \$110,511,612 an increase of \$21,924,344 from September 30, 2024. The increase in net position includes a \$79,472,261 increase in total assets and a \$56,803,367 increase in total liabilities, both substantially due to the debt issued in fiscal year 2025 as well as the progress of the Phase 2 Raw Water Delivery System.
- Total capital assets, net of depreciation, were \$353,608,375 as of September 30, 2025. This is an increase of \$35,210,371 from the prior year attributable to continued Phase 2 construction.
- \$70,590,000 in contract revenue bonds were issued in November 2024 for construction of Phase 2 of the project providing \$70,292,910 in cash proceeds. Unspent funds at September 30, 2025 total \$71,265,793, including \$971,883 of investment earnings.

The following condensed financial statements (Tables I and II) provide key financial data as of and for the years ended September 30, 2025 and 2024:

Table I
Net Position

	<u>2025</u>	<u>2024</u>
Current assets	\$ 5,219,768	\$ 10,125,855
Restricted assets	153,799,892	104,631,915
Capital assets, net	<u>353,608,375</u>	<u>318,398,004</u>
 Total assets	 512,628,035	 433,155,774
 Deferred outflows of resources	 9,589,145	 10,333,695
 Current liabilities	 15,472,953	 12,185,928
Current liabilities payable from restricted assets	18,693,832	15,427,816
Noncurrent liabilities	<u>377,538,783</u>	<u>327,288,457</u>
 Total liabilities	 <u>411,705,568</u>	 <u>354,902,201</u>
 Net position		
Unrestricted	6,579,462	10,478,708
Net investment in capital assets	<u>103,932,150</u>	<u>78,108,560</u>
 Total net position	 <u><u>\$ 110,511,612</u></u>	 <u><u>\$ 88,587,268</u></u>

Table II
Change in Net Position

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 5,768,861	\$ 4,663,254
Operating expenses:		
Interest expense	11,684,702	9,947,870
Depreciation	5,468,500	10,877,090
Personnel	1,830,128	1,488,989
Power	1,363,762	975,309
Legal fees	474,957	180,501
Chemicals	1,054,808	838,916
Office supplies	85,462	113,960
Repairs and maintenance	462,895	450,715
Audit, investment, banking fees	82,073	82,415
Insurance	106,889	95,417
Miscellaneous expense	4,706,270	60,438
Contract services	<u>121,063</u>	<u>161,139</u>
Total operating expenses	<u>27,441,509</u>	<u>25,272,759</u>
Operating loss	(21,672,648)	(20,609,505)
Nonoperating revenues(expenses)	<u>10,339,330</u>	<u>11,642,742</u>
Decrease in net position before capital contributions	(11,333,318)	(8,966,763)
Net position - beginning of year	88,587,268	79,690,244
Capital contributions from partner cities	<u>33,257,662</u>	<u>17,863,787</u>
Net position - end of year	<u><u>\$ 110,511,612</u></u>	<u><u>\$ 88,587,268</u></u>

The construction phasing and estimated costs for the project are planned as follows:

Phase 1:

Phase 1A: Complete

- Construction of an interim, floating intake structure near Cedar Park's existing plant on the Sandy Creek arm of Lake Travis.
- New raw water pipeline within right-of-way along Trails End Road.
- New treatment plant in Cedar Park to serve all three cities with an initial capacity of 17 million gallons per day (mgd).
- Treated water transmission pipeline across the north side of Cedar Park, along West New Hope Road.
- Construction began in late 2009 and was substantially complete in July 2012.
- Total cost of the project was approximately \$150 million.

Phase 1B: Complete

- Rerating the capacity of treatment facilities to 22.6 mgd by engineering analysis and plant operational testing was approved by TCEQ in February 2018.
- The cost of the rerate was approximately \$110 thousand.

Phase 1C: Complete

- Expansion of the floating intake and treatment facilities to 32.5 mgd.
- Construction funding was secured in November 2017 through issuance of contract revenue bonds as part of the Texas Water Development Board (TWDB) SWIFT Loan program.
- Construction began in January 2019 and final completion was July 2021 at a cost of \$14.1 million.

Phase 1D: Substantially Complete

- Funding for the expansion of the BCRUA regional water treatment facilities to 41.9 mgd was secured from a combination of cash contributions, unspent debt proceeds from Phase 1A savings, and contract revenue bonds issued in 2018 and 2021 as part of the TWDB SWIFT loan program.
- Construction began in August 2023 at a cost of \$16.86 million. This project was substantially complete in November 2025.

Phase 2:

Phase 2: In Progress

- A permanent, deep-water intake structure on Lake Travis, a gravity tunnel to transmit the raw water to a new pump station, a raw water pipeline connecting the raw water pump station to three locations (the Phase 1 raw water pipeline and the cities of Cedar Park and Leander water treatment plants).
- This phase is needed to provide increased capacity and a deep-water intake source during prolonged drought conditions for the BCRUA Regional Water Supply System and existing Cedar Park and Leander Water Plants.
- Total project cost is estimated at approximately \$293 million and is being funded with cash contributions and contract revenue bonds issued in 2021, 2022, and 2023 as well as future bond issuances as part of the TWDB SWIFT loan program.
- Construction began in mid-2022 with substantial completion expected in mid-2027.

Phase 2A: Under Construction

- In October of 2025, the BCRUA Board of Directors approved a \$97.62 million contract with Webber Waterworks, LLC to construct the Phase 2A WTP expansion, which will increase the plant capacity to 64.2 mgd. Funding for this project will be SWIFT funds for Leander (\$51.15M) and other financing by Round Rock (\$46.47M). Construction is expected to be completed in Fall of 2028.

Phase 2B and 3: Future Phases

- Future expansions of the water treatment plant and deep-water pump station will be done as necessary at the direction of the three partnering cities.

Restricted Assets

Restricted assets at September 30, 2025 were \$153,799,892, an increase from the September 30, 2024 balance of \$104,631,916. Restricted assets consist of escrow and construction funds arising from the proceeds of long-term debt. The increase reflects the issuance of new revenue bonds, offset by the spend down of revenue bonds on Phase 2 construction.

Long-Term Debt

Long-term debt consists of contract revenue bonds issued relative to the Texas Water Development Board loan programs.

In 2009, the BCRUA issued three series of contract revenue bonds totaling \$182,020,000 for construction and other costs related to Phase 1A of the BCRUA Project. Additionally, one refunding issuance was made in 2016, to reduce the total debt costs on two of the previously issued series, and another in 2017 for the same purpose.

During the year ended September 30, 2018, BCRUA issued contract revenue bonds dated November 16, 2017, totaling \$16,995,000. During the year ended September 30, 2019, BCRUA issued contract revenue bonds dated November 14, 2018, totaling \$15,740,000 for the final design and electrical easements of the second phase of the BCRUA Project.

During the year ended September 30, 2022, BCRUA issued contract revenue bonds dated November 16, 2021, totaling \$115,310,000 for the construction of the second phase of the BCRUA project.

During the year ended September 30, 2023, BCRUA issued contract revenue bonds dated November 29, 2022, totaling \$40,000,000 for the construction of the second phase of the BCRUA project.

During the year ended September 30, 2024, BCRUA issued contract revenue bonds dated November 15, 2023, totaling \$49,355,000 for the continued construction of the second phase of the BCRUA project.

During the year ended September 30, 2025, BCRUA issued contract revenue bonds dated November 15, 2024, totaling \$70,590,000 for the continued construction of the second phase of the BCRUA project.

Additional information on long-term debt can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The economy in the local area continues to grow, and the service areas, which will be supplied by the BCRUA at project completion, are positioned for continued customer growth. The BCRUA's board adopted an administrative operating budget for fiscal year 2026 in the amount of \$6,981,262, an increase of reserves of \$197,828 in fiscal year 2026 and a debt service budget for fiscal year 2026 in the amount of \$30,790,826.

Contacting the BCRUA's Financial Management

This financial report is designed to provide citizens of the partner cities, customers and creditors with a general overview of the BCRUA's finances and to show the BCRUA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the BCRUA at 450 Cypress Creek, Building 2, Cedar Park, Texas 78613.

Basic Financial Statements

Brushy Creek Regional Utility Authority, Inc.

Statement of Net Position

September 30, 2025

	<u>2025</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,078,156
Accounts receivable	20,900
Due from partner cities	<u>1,120,712</u>
Total current assets	5,219,768
Noncurrent assets:	
Restricted cash, cash equivalents and investments:	
Escrow	46,086,376
Construction	107,713,516
Capital assets:	
Land, easements and construction in progress	202,293,426
Capital assets being depreciated, net of accumulated depreciation of \$46,980,556	<u>151,314,949</u>
Total noncurrent assets	<u>507,408,267</u>
Total assets	512,628,035
DEFERRED OUTFLOWS OF RESOURCES - REFUNDING	<u>9,589,145</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 522,217,180</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 5,906,271
Retainage payable	7,746,257
Due to partner cities	<u>1,820,425</u>
Total current liabilities	15,472,953
Current liabilities payable from restricted assets:	
Current portion of revenue bonds payable	16,765,000
Accrued interest	<u>1,928,832</u>
Total current liabilities payable from restricted assets	18,693,832
NONCURRENT LIABILITIES	
Revenue bonds payable	<u>377,538,783</u>
Total noncurrent liabilities	<u>377,538,783</u>
Total liabilities	411,705,568
NET POSITION	
Unrestricted	6,579,462
Net investment in capital assets	<u>103,932,150</u>
TOTAL NET POSITION	<u>\$ 110,511,612</u>

The Notes to the Financial Statements are an integral part of this statement.

Brushy Creek Regional Utility Authority, Inc.Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2025

	<u>2025</u>
OPERATING REVENUES	\$ 5,768,861
OPERATING EXPENSES	
Interest expense	11,684,702
Depreciation	5,468,500
Personnel	1,830,128
Power	1,363,762
Legal fees	474,957
Chemicals	1,054,808
Office supplies	85,462
Repairs and maintenance	462,895
Audit, investment, banking fees	82,073
Insurance	106,889
Miscellaneous expense	4,706,270
Contract services	121,063
	<hr/>
Total operating expenses	27,441,509
	<hr/>
Operating income (loss)	(21,672,648)
NONOPERATING REVENUES(EXPENSES)	
Interest and investment revenue	6,114,333
Litigation Settlement	4,500,188
Asset disposal proceeds	20,900
Bond issuance costs	(296,091)
	<hr/>
Total nonoperating revenues(expenses)	10,339,330
	<hr/>
Decrease in net position before capital contributions	(11,333,318)
Net position - beginning of year	88,587,268
Capital contributions from partner cities	33,257,662
	<hr/>
NET POSITION, end of year	<u>\$ 110,511,612</u>

The Notes to the Financial Statements are an integral part of this statement.

Brushy Creek Regional Utility Authority, Inc.

Statement of Cash Flows

Year Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Service revenues received from partner cities	\$ 5,768,861
Interest payments	(11,703,808)
Change in net operating receivables/payables	8,740,286
Payments for personnel services	(1,830,128)
Payments to suppliers for goods and services	<u>(8,458,207)</u>

Net cash used in operating activities (7,482,996)

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Construction of capital assets	(40,695,602)
Principal payments on bonds	(16,310,000)
Proceeds from issuance of bonds	70,590,000
Proceeds from lawsuit	4,500,188
Capital contributions from partner cities	33,257,662
Net payments/contributions from third parties	<u>5,839,142</u>

Net cash provided by capital and related financing activities 57,181,390

CASH FLOWS FROM INVESTING ACTIVITIES

Net change in cash and cash equivalents 49,698,394

CASH AND CASH EQUIVALENTS, beginning of year 108,179,654

CASH AND CASH EQUIVALENTS, end of year \$ 157,878,048

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION

Cash and cash equivalents	\$ 4,078,156
Restricted cash and cash equivalents and investments	<u>153,799,892</u>

TOTAL CASH AND CASH EQUIVALENTS \$ 157,878,048

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	\$ (21,672,648)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,468,500
Change in receivables and due from partner cities	5,436,504
Change in accounts payable and retainage	2,644,622
Amortization and change in accrued interest	(2,377)
Change in due to partner cities	<u>642,403</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (7,482,996)

The Notes to the Financial Statements are an integral part of this statement.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Note 1. Nature of Activities

Brushy Creek Regional Utility Authority, Inc. (BCRUA) was incorporated in Texas in July 2007 as a local government corporation pursuant to Subchapter D of Chapter 431, Texas Transportation Code. The BCRUA was organized by the Cities of Cedar Park, Leander and Round Rock, Texas (the Cities) for the purpose of providing an efficient vehicle for the financing, construction, acquisition, ownership, maintenance and operation of a regional water and wastewater collection, transmission, treatment and distribution system on behalf of the Cities in performance of their governmental functions.

Note 2. Summary of Significant Accounting Policies

The financial statements of BCRUA have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental entities. The more significant of these accounting policies are described below.

Reporting Entity

BCRUA is a joint venture among the Cities. The BCRUA operates as an enterprise activity. These financial statements present only BCRUA's activities and are not intended to present the financial position, results of operations or cash flows of any of the Cities.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of BCRUA are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Revenues are recorded when earned and become measurable and expenses are recorded when a liability is incurred and measurable, regardless of the timing of related cash flows.

The Statement of Revenues, Expenses and Changes in Net Position distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with BCRUA's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include demand deposits, investments with investment pools, and other short-term liquid investments with an original maturity of three months or less, regardless of whether restricted or unrestricted.

Cash and cash equivalents held in money market accounts and investment pools (which determine their net asset value based on fair value) are recorded at fair value.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Restricted Assets

Restricted funds consist of escrow funds derived from bond proceeds, debt service funds, reserve funds, and revenues that have been designated for specific purposes by the Board, or other funds with legal or contractual constraints. When both restricted and unrestricted resources are available for use, it is BCRUA's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets are stated at historical cost. To the extent construction is performed by the BCRUA, the cost includes certain general and administrative expenses. Maintenance and repairs are charged to operations as incurred. Improvements and betterments, which extend the useful lives of assets, are capitalized. Depreciation is recorded on a straight-line basis over estimated service lives ranging from 5 to 40 years. When capital assets are retired or otherwise disposed of, a gain or loss on disposal of assets is recognized.

Long-term Debt

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The amount of deferred charge for refunding transactions is reported as a deferred outflow of resources and amortized using the straight-line method.

Note 3. Cash and Cash Equivalents and Investments

Cash Deposits. BCRUA's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Public Funds Investment Act (the Act). The depository bank pledges securities that comply with state law and these securities are held for safekeeping and trust with the depository bank's agent bank. The pledged securities are to be in an amount sufficient to protect BCRUA's funds on a day-to-day basis during the period of the contract. The pledge of securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At September 30, 2025, BCRUA's cash balance and sweep accounts deposited in banks totaled approximately \$1,120,000 and was adequately covered by FDIC insurance or secured by collateral pledged by the depository.

Investments. The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the BCRUA to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the BCRUA to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the BCRUA to have independent auditors perform test procedures related to investment practices as provided by the Act. The BCRUA is in substantial compliance with the requirements of the Act.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract of services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. TexSTAR's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. BCRUA has no unfunded commitments related to the investment pool. TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. TexSTAR's fair value is reported by BCRUA using the pool's net asset value (NAV).

Fair Value. BCRUA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. BCRUA's investment balances and weighted average maturity of such investments are as follows:

Investment Type	September 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Weighted Average Maturity (Days)
Investments not subject to fair value (NAV)					
TexSTAR	\$ 86,392,619	\$ -	\$ -	\$ -	1
Investments by Fair Value Level					
U.S. Treasury Bonds	46,086,375	46,086,375	-	-	122
Commercial paper	24,299,323	24,299,323	-	-	214
Total	\$ 156,778,317	\$ 70,385,698	\$ -	\$ -	

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

BCRUA's portfolio balances were as follows at September 30, 2025:

	Carrying Amount
TexSTAR	\$ 86,392,619
Commercial paper	24,299,323
US Treasury Bonds	<u>46,086,375</u>
Total investments	156,778,317
Cash and sweep accounts	<u>1,099,730</u>
Total cash, cash equivalents and investments	<u>\$ 157,878,047</u>

A reconciliation of cash and cash equivalents and investments to the presentation on the Statement of Net Position is as follows:

Statement of net position presentation	
Cash and cash equivalents	\$ 4,078,156
Restricted cash and cash equivalents and investments	
Escrow	46,086,375
Construction	<u>107,713,516</u>
Total cash, cash equivalents and investments	<u>\$ 157,878,047</u>

Credit Risk and Custodial Credit Risk. A primary stated objective of the BCRUA's adopted Investment Policy is the safety of principal and avoidance of principal loss. Credit risk within BCRUA's portfolio among the authorized investments approved by BCRUA's adopted Investment Policy includes only time and demand deposits, obligations of states and their subdivisions, repurchase agreements and AAA rated SEC registered money market mutual funds. All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the US Government, its agencies or instrumentalities.

State law and the BCRUA's adopted Investment Policy restricts both time and demand deposits, including certificates of deposit (CD's) to those banks doing business in the State of Texas and further requires full insurance or collateralization from these depositories (banks only). Certificates of deposit are limited to a stated maturity of one year. Collateral is required at a 102% margin with securities priced at market on a daily basis as a contractual responsibility of the bank. Collateral is restricted to obligations of the US Government, its agencies or instrumentalities or direct obligations of any state, its subdivisions or agencies rated at least A, or equivalent, as to investment quality by two nationally recognized statistical rating agencies. Independent safekeeping is required outside the bank holding company with monthly reporting.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Repurchase agreements are limited to those with defined termination dates with a primary dealer (as defined by the Federal Reserve) and require an industry standard written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed one year to stated maturity with the exception of flex repurchase agreements with a stated termination date not to exceed the planned completion date of the project(s).

Standard & Poor's rates TexStar AAAm and US Agency Securities AA+

Interest Rate Risk. In order to limit interest and market rate risk from changes in interest rates, the BCRUA's adopted Investment Policy sets a maximum stated maturity limit of two years for Operating Funds and three years for Construction Funds. For Escrow Funds, the maximum maturity shall not exceed three years and each fund's weighted average maturity (WAM) shall not exceed one year. The WAM of the total Operating Funds portfolio is restricted to a maximum of twelve months and compared to the one-year Treasury Bill. There is no maximum WAM for Construction funds.

Concentration of Credit Risk. The BCRUA recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. BCRUA's adopted Investment Policy establishes diversification as a major objective of the investment program and sets diversification limits for all authorized investment types that are monitored on at least a monthly basis. Diversification limits are set by Policy as:

U. S. obligations	80%
U. S. agencies / instrumentalities	75%
State and local obligations	50%
Certificates of deposit	40%
in any one bank	10%
Repurchase agreements	50%
with any one dealer	20%
Flex in CIP funds	100%
LGIP	100%
Ownership in pool	10%
Money market funds	100%
in any one fund	20%
Commercial paper	25%
in any one issuer	10%

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2025 is as follows:

	Beginning Balance	Disposals	Additions	Transfers	Ending Balance
Capital assets, not being depreciated					
Land and easements	\$ 8,913,683	\$ -	\$ -	\$ 1,675	\$ 8,915,358
Construction in progress	172,090,366	-	40,535,263	(19,247,561)	193,378,068
Total capital assets, not being depreciated	181,004,049	-	40,535,263	(19,245,886)	202,293,426
Capital assets, being depreciated					
Buildings and improvements	88,387,745	-	-	-	88,387,745
Infrastructure	90,034,989	-	-	19,245,886	109,280,875
Equipment	488,187	(21,035)	159,733	-	626,885
Total capital assets, being depreciated	178,910,921	(21,035)	159,733	19,245,886	198,295,505
Less accumulated depreciation					
Buildings and improvements	19,427,575	-	2,215,909	-	21,643,484
Infrastructure	21,892,886	-	3,194,146	-	25,087,032
Equipment	196,505	(4,908)	58,443	-	250,040
Total accumulated depreciation	41,516,966	(4,908)	5,468,498	-	46,980,556
Total capital assets, being depreciated, net	137,393,955	(16,127)	(5,308,765)	19,245,886	151,314,949
Total capital assets, net	\$ 318,398,004	\$ (16,127)	\$ 35,226,498	\$ -	\$ 353,608,375

Construction Commitments

BCRUA has active construction projects as of September 30, 2025 that include the following commitments with contractors:

Project	Remaining Commitment
Phase 1D - Water Treatment Plan Expansion	\$ 2,032,615
Phase 2 - Deep Water Intake & Raw Water Line	107,718,619
Phase 2A - Water Treatment Plant Expansion	105,515,096
Delivery Point Improvements	458,338
Total	\$ 215,724,668

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Note 5. Long-term Debt

During the year ended September 30, 2025, BCRUA issued contract revenue bonds dated November 15, 2024, totaling \$70,590,000. The bonds mature serially beginning August 1, 2025, through August 1, 2049, with coupon rates ranging from 1.970% to 3.580%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Leander and Round Rock. The bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2024, BCRUA issued contract revenue bonds dated November 15, 2023, totaling \$49,355,000. The bonds mature serially beginning August 1, 2024, through August 1, 2048, with coupon rates ranging from 2.640% to 4.040%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Cedar Park and Round Rock. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2023, BCRUA issued contract revenue bonds dated November 29, 2022, totaling \$40,000,000. The bonds mature serially beginning August 1, 2023, through August 1, 2047, with coupon rates ranging from 2.570% to 3.890%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in one series for Leander. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2022, BCRUA issued contract revenue bonds dated November 16, 2021, totaling \$115,310,000. The bonds mature serially beginning August 1, 2022, through August 1, 2051, with coupon rates ranging from .160% to 2.720%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one each for Cedar Park and Leander, for each respective city's share of expected project costs. Leander issued a second tranche in November of 2022 to fund its share of costs. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2019, BCRUA issued contract revenue bonds dated November 14, 2018, totaling \$15,740,000. The bonds mature serially beginning August 1, 2019 through August 1, 2038, with coupon rates ranging from 1.210% to 4.000%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one series for each of two of the partner cities share of expected project costs. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

During the year ended September 30, 2018, BCRUA issued contract revenue bonds dated November 16, 2017, totaling \$16,995,000. The bonds mature serially beginning August 1, 2018 through August 1, 2037, with coupon rates ranging from .580% to 2.290%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in three series, one series for each partner city's share of expected project costs. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2017, BCRUA issued contract revenue refunding bonds dated April 19, 2017, totaling \$80,505,000. The bonds mature in 2017 through 2038, with coupon rates ranging from 2.0% to 5.0%. The bonds were issued by the City of Leander, to refund bonds outstanding for the City of Leander. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, as amended, by and between each city. The City of Leander is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city. The refunding reduced BCRUA's total debt service payments over the next 22 years by \$17,898,892 and generated an economic gain of \$12,596,769 and a deferred charge on refunding of \$7,246,648.

During the year ended September 30, 2016, BCRUA issued contract revenue refunding bonds dated August 15, 2016, totaling \$75,890,000. The bonds mature in 2017 through 2038, with coupon rates ranging from 2.0% to 5.0%. The bonds were issued in two series, to refund bonds outstanding for two of the partner cities. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, as amended, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city. The refunding reduced BCRUA's total debt service payments over the next 22 years by \$17,433,680 and generated an economic gain of \$10,922,929 and a deferred charge on refunding of \$8,881,242.

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Long-term liability activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
Series 2016 contract					
Revenue bonds					
City of Cedar Park	\$ 17,665,000	\$ -	\$ 935,000	\$ 16,730,000	\$ 985,000
City of Round Rock	43,680,000	-	2,290,000	41,390,000	2,395,000
Series 2017 contract					
Revenue bonds					
City of Leander	59,845,000	-	3,135,000	56,710,000	3,305,000
SWIFT 2017 contract					
Revenue bonds					
City of Cedar Park	3,010,000	-	210,000	2,800,000	210,000
City of Leander	5,495,000	-	385,000	5,110,000	385,000
City of Round Rock	3,010,000	-	210,000	2,800,000	210,000
SWIFT 2018 Contract					
Revenue bonds					
City of Cedar Park	5,095,000	-	320,000	4,775,000	315,000
City of Leander	8,770,000	-	-	8,770,000	695,000
Series 2021 Contract					
Revenue bonds					
City of Cedar Park	68,585,000	-	2,125,000	66,460,000	2,130,000
City of Leander	35,540,000	-	1,435,000	34,105,000	1,440,000
Series 2022 Contract					
Revenue bonds					
City of Leander	37,300,000	-	1,210,000	36,090,000	1,235,000
Series 2023 Contract					
Revenue bonds					
City of Cedar Park	7,250,000	-	305,000	6,945,000	310,000
City of Round Rock	40,220,000	-	1,195,000	39,025,000	1,225,000
Series 2024 Contract					
Revenue Bonds					
City of Leander	-	39,090,000	1,415,000	37,675,000	1,065,000
City of Round Rock	-	31,500,000	1,140,000	30,360,000	860,000
Total principal	335,465,000	70,590,000	16,310,000	389,745,000	16,765,000
Issuance premiums	5,578,457	-	1,019,674	4,558,783	-
Total bonds payable	\$ 341,043,457	\$ 70,590,000	\$ 17,329,674	\$ 394,303,783	\$ 16,765,000

Brushy Creek Regional Utility Authority, Inc.

Notes to the Financial Statements

Debt service requirements are as follows:

Years Ended September 30,	Bonds		Total Requirements
	Principal	Interest	
2026	\$ 16,765,000	\$ 11,830,171	\$ 28,595,171
2027	17,165,000	11,648,890	28,813,890
2028	17,705,000	11,121,052	28,826,052
2029	18,215,000	10,647,853	28,862,853
2030-2034	99,320,000	45,143,816	144,463,816
2035-2039	101,590,000	28,051,722	129,641,722
2040-2044	59,020,000	15,384,774	74,404,774
2045-2049	53,460,000	5,760,085	59,220,085
2050-2051	6,505,000	266,560	6,771,560
	<u>\$ 389,745,000</u>	<u>\$ 139,854,923</u>	<u>\$ 529,599,923</u>

Note 6. Economic Dependency

The BCRUA is dependent on the Cities of Cedar Park, Leander, and Round Rock, Texas for the continued funding of its operating activities. The Cities annually budget funds for operational and overhead expenses and debt service requirements in accordance with the Master Contract Agreement and the System Operating Agreement between the Cities. Fixed operations and maintenance expenses are allocated among the Cities based upon each city's reserved capacity in the BCRUA Project components, and variable expenses are allocated based upon the volume of treated water delivered to each city in relation to the total delivered volume. Overhead expenses are paid by each city based upon certain formulas and reserve capacities in the BCRUA Project and/or the quantity of treated water actually delivered to each city. Each city is responsible for bond principal and interest payments due on the bond series issued by BCRUA for each respective city.

Note 7. Subsequent Events

The BCRUA has evaluated subsequent events after the balance sheet date of September 30, 2025 through January 16, 2026, the date these financial statements were available to be issued.

In October of 2025, the BCRUA Board of Directors approved a \$97.62 million contract to construct the Phase 2AWTP expansion, which will increase the plant capacity to 64.2 mgd. Funding for this project will be SWIFT funds for Leander (\$51.15M) and other financing by Round Rock (\$46.47M). Construction is expected to be completed in Fall of 2028.

In October 2025, the BCRUA completed the issuance of \$36,240,000 of contract revenue bonds to provide additional financing for future capital improvements on behalf of the City of Leander.

Supplementary Information

Brushy Creek Regional Utility Authority, Inc.

Combining Statement of Net Position

September 30, 2025

	<u>Cedar Park</u>	<u>Leander</u>	<u>Round Rock</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,012,360	\$ 1,301,033	\$ 1,764,763	\$ 4,078,156
Accounts receivable	3,485	10,497	6,918	20,900
Due from partner cities	240,252	619,408	261,052	1,120,712
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	1,256,097	1,930,938	2,032,733	5,219,768
Noncurrent assets:				
Restricted cash and cash equivalents and investments	50,370,265	60,458,641	42,970,986	153,799,892
Capital assets				
Land, easements and construction in progress	55,110,054	89,189,617	57,993,755	202,293,426
Capital assets being depreciated, net of accumulated depreciation	27,639,531	72,002,467	51,672,951	151,314,949
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent assets	133,119,850	221,650,725	152,637,692	507,408,267
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	134,375,947	223,581,663	154,670,425	512,628,035
Deferred outflows of resources - refunding				
	1,480,881	4,371,660	3,736,604	9,589,145
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 135,856,828	\$ 227,953,323	\$ 158,407,029	\$ 522,217,180
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Brushy Creek Regional Utility Authority, Inc.
Combining Statement of Net Position – Continued
September 30, 2025

	<u>Cedar Park</u>	<u>Leander</u>	<u>Round Rock</u>	<u>Total</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 1,636,234	\$ 2,833,705	\$ 1,436,332	\$ 5,906,271
Retainage payable	2,220,579	3,358,465	2,167,213	7,746,257
Due to partner cities	668,824	90	1,151,511	1,820,425
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	4,525,637	6,192,260	4,755,056	15,472,953
Current liabilities payable from restricted assets:				
Current portion of revenue bonds payable	3,950,000	8,125,000	4,690,000	16,765,000
Accrued interest	382,841	896,455	649,536	1,928,832
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities payable from restricted assets	4,332,841	9,021,455	5,339,536	18,693,832
Noncurrent liabilities:				
Revenue bonds payable	94,345,830	172,266,114	110,926,839	377,538,783
	<hr/>	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	94,345,830	172,266,114	110,926,839	377,538,783
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	103,204,308	187,479,829	121,021,431	411,705,568
NET POSITION				
Unrestricted	303,833	2,043,126	4,232,503	6,579,462
Net investment in capital assets	32,348,687	38,430,368	33,153,095	103,932,150
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 32,652,520</u>	<u>\$ 40,473,494</u>	<u>\$ 37,385,598</u>	<u>\$ 110,511,612</u>

Brushy Creek Regional Utility Authority, Inc.

Combining Statement of Revenues, Expenses
and Changes in Net Position
Year Ended September 30, 2025

	<u>Cedar Park</u>	<u>Leander</u>	<u>Round Rock</u>	<u>Total</u>
OPERATING REVENUES	\$ 258,213	\$ 3,513,923	\$ 1,996,725	\$ 5,768,861
OPERATING EXPENSES				
Interest expense	2,358,093	5,501,198	3,825,411	11,684,702
Depreciation	1,012,889	2,595,397	1,860,214	5,468,500
Personnel	66,057	1,187,514	576,557	1,830,128
Power	27,974	919,318	416,470	1,363,762
Legal fees	117,090	219,192	138,675	474,957
Chemicals	18,900	714,282	321,626	1,054,808
Office supplies	3,648	54,577	27,237	85,462
Repairs and maintenance	38,527	266,389	157,979	462,895
Audit, investment, banking fees	13,823	40,187	28,063	82,073
Insurance	16,001	50,452	40,436	106,889
Miscellaneous expense	1,220,047	2,206,313	1,279,910	4,706,270
Contract services	2,169	81,980	36,914	121,063
Total operating expenses	<u>4,895,218</u>	<u>13,836,799</u>	<u>8,709,492</u>	<u>27,441,509</u>
OPERATING LOSS	(4,637,005)	(10,322,876)	(6,712,767)	(21,672,648)
NON-OPERATING REVENUES(EXPENSES)				
Interest and investment revenue	3,039,162	1,927,598	1,147,573	6,114,333
Litigation Settlement	1,200,178	2,099,789	1,200,221	4,500,188
Asset disposal proceeds	3,129	9,865	7,906	20,900
Bond issuance costs	-	(134,107)	(161,984)	(296,091)
Total non-operating revenues(expenses)	<u>4,242,469</u>	<u>3,903,145</u>	<u>2,193,716</u>	<u>10,339,330</u>
Decrease in net position before capital contributions	(394,536)	(6,419,731)	(4,519,051)	(11,333,318)
Net position, beginning	24,427,305	33,431,777	30,728,186	88,587,268
Capital contributions from partner cities	<u>8,619,751</u>	<u>13,461,448</u>	<u>11,176,463</u>	<u>33,257,662</u>
NET POSITION, end of year	<u>\$ 32,652,520</u>	<u>\$ 40,473,494</u>	<u>\$ 37,385,598</u>	<u>\$ 110,511,612</u>

APPENDIX B

CERTAIN FINANCIAL AND OPERATING DATA OF
THE UTILITY SYSTEM OF THE CITY OF LEANDER, TEXAS

Brushy Creek Regional Utility Authority
FYE 2025 City of Leander
Contract Revenue Continuing Disclosure Report

TABLE 1 – Water Usage (Gallons)

FY Annual Water Consumption	Monthly Average	Total Annual Consumption
2021	247,000,722	2,964,008,661
2022	339,070,493	4,068,845,920
2023	302,294,704	3,627,536,448
2024	289,502,432	3,474,029,178
2025	309,485,931	3,713,831,173

TABLE 2 – Ten Largest Water and Sewer Customers(City of Leander)

Customer	Type	Consumption (gallons)	% of Total Water Usage
Verena Leander Titleholder	Real Estate	27,685,200	0.75%
Hills @ Leander	Real Estate	10,410,299	0.28%
Bridge-Hermosa LLC	Real Estate	9,634,310	0.26%
CWS DD Parkside LLC	Real Estate	9,263,552	0.25%
Merritt Legacy	Real Estate	8,433,809	0.23%
Camden Property Trust	Real Estate	7,688,038	0.21%
Lakeline Apartments Homes	Apartments	7,667,197	0.21%
Sarah Owner LLC	Real Estate	6,887,900	0.19%
GC Parkway Crossing LTD	Real Estate	6,716,800	0.18%
The Conley Apartments	Apartments	<u>6,543,416</u>	<u>0.18%</u>
		100,930,521	2.54%

Note: % of Total Consumption based on 3,713,831,173 gallons annual consumption.

TABLE 3 – Monthly Water and Wastewater Rates

Residential Meter Size	Water		Combined	
	Water	Reserve	Water	Waste Water
5/8"	\$ 37.35	\$ 4.00	\$ 42.35	\$ 14.58
3/4"	37.35	4.00	42.35	14.58
1 inch	93.38	10.00	105.88	36.45
1.5 inch	186.75	20.00	211.75	72.90
2 inch	298.80	32.00	338.80	116.64
3 inch	597.60	64.00	677.60	233.28
4 inch	933.75	100.00	1,058.75	364.50
6 inch	1,867.50	200.00	2,117.50	729.00
8 inch	2,988.00	320.00	3,388.00	1,166.40
10 inch	4,295.25	460.00	4,870.25	1,676.70
			See Tiered Rates	\$ 2.84
	Cost per thousand gallons			

Commercial	
Water	Flat fee (based on meter size) + \$5.65/M per 1,000 gallons
Sewer	Flat fee (based on meter size) + \$3.10/M per 1,000 gallons

Inside City Limits

- (i) Tier 1 - \$4.55 per 1,000 gallons for usage between 0 and 15,000 gallons.
- (ii) Tier 2 - \$5.80 per 1,000 gallons for usage between 15,001 and 25,000 gallons.
- (iii) Tier 3 - \$7.00 per 1,000 gallons for usage between 25,001 gallons and above.

Outside City Limits

- (i) Tier 1 - \$5.00 per 1,000 gallons for usage between 0 and 15,000 gallons.
- (ii) Tier 2 - \$6.38 per 1,000 gallons for usage between 15,001 and 25,000 gallons.
- (iii) Tier 3 - \$7.70 per 1,000 gallons for usage between 25,001 gallons and above.

TABLE 4 – Daily Flow(Wastewater Treatment)

<u>Average Monthly Wastewater Flow</u>	
Fiscal	
<u>Year</u>	<u>Gallons</u>
2021	103,690,330
2022	117,163,667
2023	121,489,210
2024	127,876,276
2025	128,373,227

**TABLE 5 – The Authority’s City of Leander, Texas
Contract Revenue Bond Debt Service Requirements**

Fiscal Year Ending 9/30	Outstanding Debt			Percent of Principal Retired
	Principal	Interest	Total	
2026	\$ 9,485,000	\$ 6,296,564	\$ 15,781,564	
2027	9,245,000	6,661,673	15,906,673	
2028	9,545,000	6,381,884	15,926,884	
2029	9,785,000	6,160,277	15,945,277	
2030	10,035,000	5,928,114	15,963,114	22.40%
2031	10,325,000	5,644,245	15,969,245	
2032	10,630,000	5,344,735	15,974,735	
2033	10,965,000	5,026,810	15,991,810	
2034	11,320,000	4,689,387	16,009,387	
2035	11,730,000	4,286,792	16,016,792	48.00%
2036	12,170,000	3,860,263	16,030,263	
2037	12,640,000	3,403,747	16,043,747	
2038	12,660,000	2,921,064	15,581,064	
2039	6,365,000	2,494,091	8,859,091	
2040	6,565,000	2,303,072	8,868,072	71.48%
2041	6,765,000	2,101,318	8,866,318	
2042	6,990,000	1,889,260	8,879,260	
2043	7,220,000	1,660,004	8,880,004	
2044	7,460,000	1,421,820	8,881,820	
2045	7,720,000	1,172,125	8,892,125	88.32%
2046	7,990,000	916,643	8,906,643	
2047	6,285,000	642,183	6,927,183	
2048	4,220,000	407,660	4,627,660	
2049	4,390,000	250,136	4,640,136	
2050	2,195,000	86,044	2,281,044	100.00%
	<u>\$ 214,700,000</u>	<u>\$ 81,949,905</u>	<u>\$ 296,649,905</u>	

TABLE 6– Utility System Condensed Statement of Operations

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
Revenues:					
Charges for Services*	\$ 51,061,405	\$ 48,059,447	\$ 46,921,786	\$ 46,899,988	\$ 40,859,010
Impact Fees	-	-	-	-	-
Other revenue	74,231	62,504	102,234	72,247	185,323
Total Revenues	\$ 51,135,636	\$ 48,121,951	\$ 47,024,020	\$ 46,972,235	\$ 41,044,333
Expenditures:					
Services and other**	\$ 26,857,474	\$ 20,312,662	\$ 18,725,790	\$ 20,344,305	\$ 18,790,812
Supplies and Materials	32,978,290	3,015,963	1,721,333	2,640,702	2,124,448
Other	4,391,476	4,098,929	4,374,877	3,752,322	3,428,225
Total Expenses	\$ 64,227,240	\$ 27,427,554	\$ 24,822,000	\$ 26,737,329	\$ 24,343,485
Net Available for Debt Service	\$ (13,091,604)	\$ 20,694,397	\$ 22,202,020	\$ 20,234,906	\$ 16,700,848
Customer Count:					
Water	30,787	32,304	30,445	29,141	25,669
Sewer	33,759	29,284	27,427	26,162	22,775

* Impact fee revenue is not pledged as Net Revenues to secure the Bonds. Pursuant to State law, impact fees can only be used to pay debt service on debt issued for projects approved as part of the City's capital improvement plan adopted in connection with implementing impact fees. The City's capital improvement plan allows for such impact fees to be used to pay debt service on debt issued to finance water and wastewater projects contained in such plan if approved by the Council. The City currently applies impact fees to pay the costs of qualifying projects and to pay debt service on the City's outstanding system debt.

**Includes the City of Leander's debt service and annual payment for BCRUA Bonds.

TABLE 7 – Coverage Calculation

Average Annual Principal and Interest Requirements (2026-2050)	\$ 11,865,996
Coverage of Average Annual Requirements by 2025 Gross Revenue	4.31X
Maximum Principal and Interest Requirements, 2037	\$ 16,043,747
Coverage of Maximum Requirements by 2025 Gross Revenue	3.19X

TABLE 8 – Current Investments

<u>Investments</u>	<u>Market Value</u>	<u>% of Total</u>
Bank Accounts/Certificates of Deposit	\$ 5,900,964	1.41%
BOK Financial-MM Funds	3,469,236	0.83%
Money Market Mutual Funds	10,681,210	2.55%
TexPool	310,954,756	74.24%
TexSTAR	10,325,392	2.47%
Texas Range	-	0.00%
Commercial Paper	-	0.00%
Federal Agency Coupon Securities	35,495,681	8.47%
Treasury Coupon Securities	42,046,484	10.04%
	<u>\$418,873,723.00</u>	<u>100.00%</u>

As of September 30, 2025

APPENDIX C

EXCERPTS FROM THE CITY OF LEANDER
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this APPENDIX consists of excerpts from the City of Leander Annual Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the City of Leander's financial condition. Reference is made to the complete Report for further information.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Leander, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Leander, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

The Honorable Mayor and
Members of the City Council

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 GAAS and *Government 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 GAAS and *Government 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 City'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 City'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 management's discussion and analysis, general fund budgetary comparison schedule, pension information, and other-post employment benefit information, as listed in the table of contents, 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.

The Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the City of Leander, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leander, Texas' internal control over financial reporting and compliance.

Whitley Penn LLP

Austin, Texas
March 27, 2026



CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Leander, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. Please read this information in conjunction with the basic financial statements that follow this section.

Financial Highlights

Some of the City's financial highlights for the fiscal year ending September 30, 2025 include:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2025, by \$1,207,360,014 (net position).
- The City's total net position increased by \$120,734,862 for the year ended September 30, 2025. A large portion of this increase is due to capital contributions from developers and an overall increase in investment earnings.
- As of September 30, 2025, the City's governmental funds reported combined ending fund balances of \$259,092,632, an increase of \$141,742,648 in comparison with the prior fiscal year. This increase is due to a combination of increased revenues in property taxes and investment earnings and issuance of bonds.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$26,756,255 or 39.6% of total General Fund expenditures. The City's fund balance policy requires the General Fund's fund balance to be a minimum of 25% of the annual operating budget of the City.
- As of the close of the current fiscal year, the City's proprietary funds reported combined ending net position of \$582,396,403 an increase of \$54,641,964 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax revenues and earned but unused vacation leave).

Both the government-wide financial statements distinguish functions of the City of Leander that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Leander include general government, public safety, public works, parks and recreation, and developmental services. The business-type activities of the City of Leander include water and wastewater services and the City's public golf course.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City uses two fund types – governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Leander maintains 13 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Federal ARPA Grants Fund, and the Capital Projects Fund, all of which are considered to be major funds. Data from the other nine (9) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The City adopts an annual appropriated budget for its General Fund.

Proprietary Funds

The City maintains two Enterprise Funds, which are proprietary fund types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Leander uses Enterprise Funds to account for its water and wastewater services and the City's public golf course.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information ("RSI"). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as RSI to demonstrate compliance with this budget. RSI can be found after the notes to the financial statements. The RSI also includes schedules related to the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining fund financial statements and schedules that further support the information in the financial statements are presented immediately following the required supplementary information.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$1,207,360,014 as of September 30, 2025 in the primary government, which is an increase in the City's overall financial position compared to the prior year.

The largest portion of the City's net position (81.3%) reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, construction in progress and water rights); less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 287,401,078	\$ 148,618,469	\$ 188,197,567	\$ 184,318,976	\$ 475,598,645	\$ 332,937,445
Capital assets	624,079,425	582,126,634	503,439,727	459,285,939	1,127,519,152	1,041,412,573
Total Assets	911,480,503	730,745,103	691,637,294	643,604,915	1,603,117,797	1,374,350,018
Deferred Outflows of Resources	5,062,332	8,638,238	1,061,357	1,596,954	6,123,689	10,235,192
Long-term liabilities	260,245,549	143,723,519	99,338,985	105,219,554	359,584,534	248,943,073
Other Liabilities	27,796,175	31,095,367	10,796,340	11,789,045	38,592,515	42,884,412
Total Liabilities	288,041,724	174,818,886	110,135,325	117,008,599	398,177,049	291,827,485
Deferred Inflows of Resources	3,537,500	5,693,742	166,923	438,831	3,704,423	6,132,573
Net Position:						
Net investment in capital assets	553,751,440	497,608,466	427,381,356	397,154,262	981,132,796	894,762,728
Restricted	36,716,105	30,594,864	79,026,744	67,206,281	115,742,849	97,801,145
Unrestricted	34,496,066	30,667,383	75,988,303	63,393,896	110,484,369	94,061,279
Total Net Position	\$ 624,963,611	\$ 558,870,713	\$ 582,396,403	\$ 527,754,439	\$ 1,207,360,014	\$ 1,086,625,152

A portion of the primary government's net position, \$115,742,849 or 9.6%, represents resources that are subject to external restrictions on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted and capital project funds. The remaining balance of unrestricted net position, of \$110,484,369, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The following table provides a summary of the City's changes in net position.

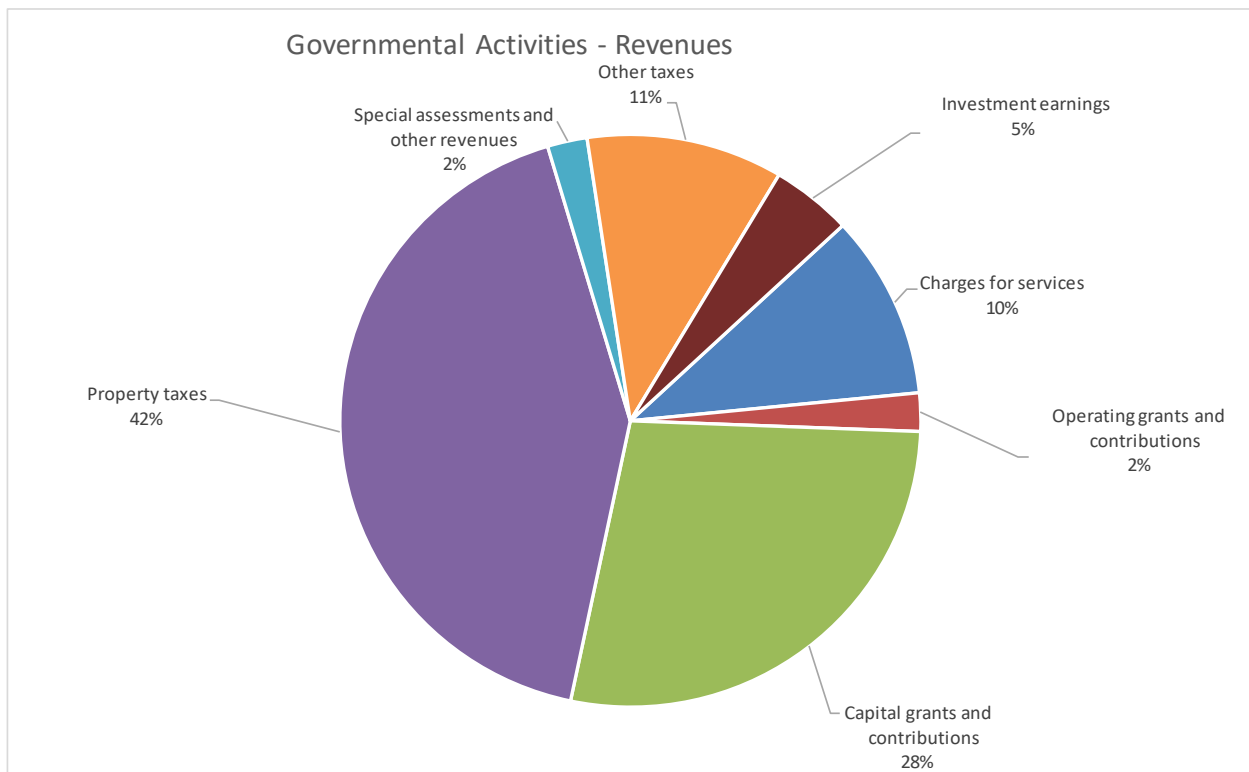
	Governmental Activities		Business Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	\$ 16,884,529	\$ 19,341,070	\$ 54,797,701	\$ 51,169,692	\$ 71,682,230	\$ 70,510,762
Operating grants and contributions	3,517,819	3,539,151	-	-	3,517,819	3,539,151
Capital grants and contributions	45,053,261	46,942,778	44,055,258	39,646,873	89,108,519	86,589,651
General Revenues:						
Property taxes	68,437,006	60,910,860	-	-	68,437,006	60,910,860
Special assessments	1,814,150	1,820,280	-	-	1,814,150	1,820,280
Other taxes	17,800,784	16,592,930	-	-	17,800,784	16,592,930
Investment earnings	7,316,866	10,483,314	6,071,938	5,842,512	13,388,804	16,325,826
Other	1,782,186	1,217,935	-	-	1,782,186	1,217,935
Total Revenues	162,606,601	160,848,318	104,924,897	96,659,077	267,531,498	257,507,395
Expenses						
General government	21,713,165	20,242,553	-	-	21,713,165	20,242,553
Public safety	36,979,724	33,531,198	-	-	36,979,724	33,531,198
Public works	25,237,730	26,403,637	-	-	25,237,730	26,403,637
Parks and recreation	9,350,771	6,992,393	-	-	9,350,771	6,992,393
Community development	1,272,422	2,870,992	-	-	1,272,422	2,870,992
Interest on long-term debt	4,459,891	5,148,479	-	-	4,459,891	5,148,479
Utility services	-	-	44,990,758	39,364,665	44,990,758	39,364,665
Golf course	-	-	2,792,175	2,390,182	2,792,175	2,390,182
Total Expenses	99,013,703	95,189,252	47,782,933	41,754,847	146,796,636	136,944,099
Increase (decrease) in net position before transfers	63,592,898	65,659,066	57,141,964	54,904,230	120,734,862	120,563,296
Transfers	2,500,000	1,615,529	(2,500,000)	(1,615,529)	-	-
Change in Net Position	66,092,898	67,274,595	54,641,964	53,288,701	120,734,862	120,563,296
Net Position - Beginning	558,870,713	491,596,118	527,754,439	474,465,738	1,086,625,152	966,061,856
Net Position - Ending	\$ 624,963,611	\$ 558,870,713	\$ 582,396,403	\$ 527,754,439	\$ 1,207,360,014	\$ 1,086,625,152

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

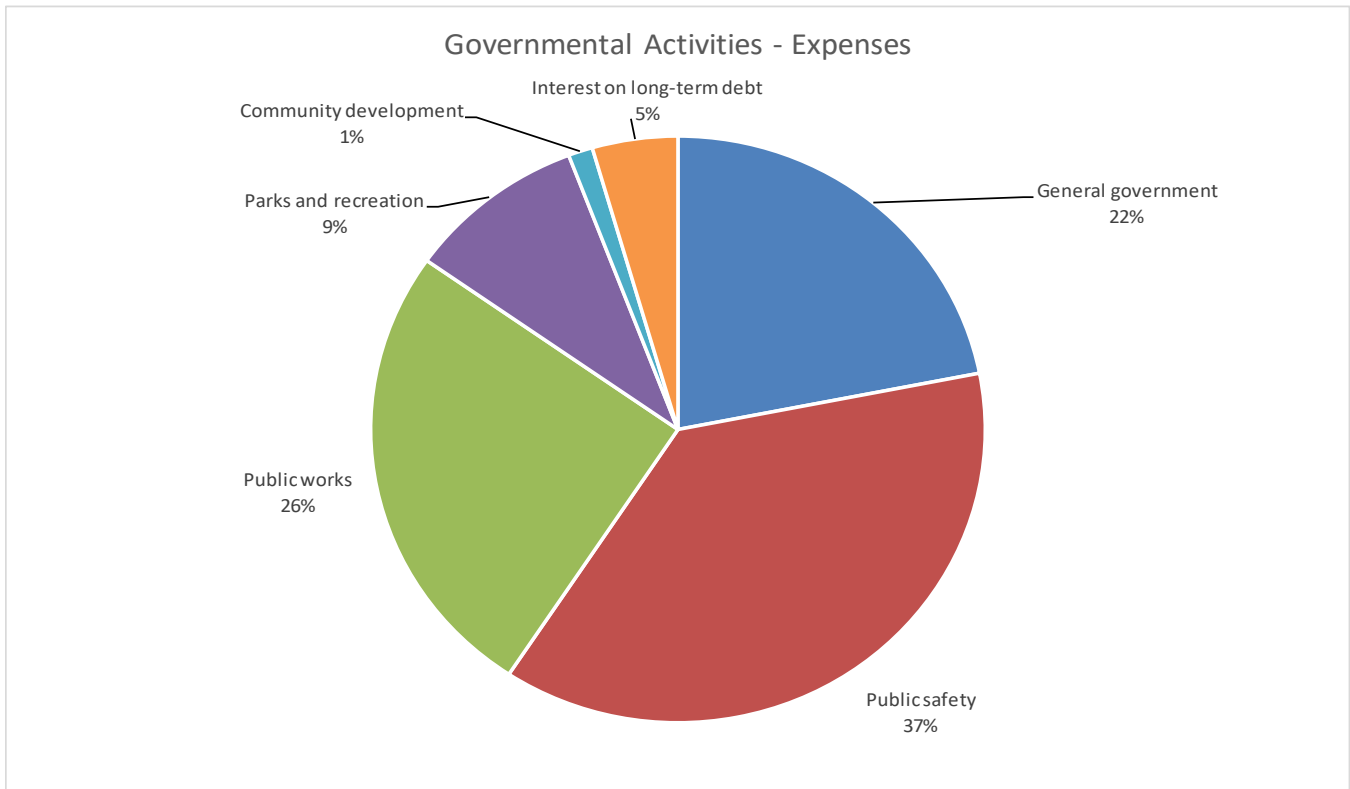
Governmental Activities

Governmental activities increased the City's net position by \$66,092,898. Key elements of this change are as follows:

- Property taxes continue to be the City's largest revenue source. Property tax revenue increased by \$7.5 million primarily due to an increase in property values and new improvements.
- Investment earnings decreased \$3.2 million. This decrease is primarily a result of changes in the market and the decrease of fair market values in 2025 compared to 2024.
- Capital grants and contributions decreased \$1.9 million from the prior year. This decrease is mainly due to less developers' capital contributions for construction of street and drainage improvements.
- Overall, total expenses increased \$3.8 million from the prior year. This increase is mainly due to personnel costs, capital outlays, and capital projects.



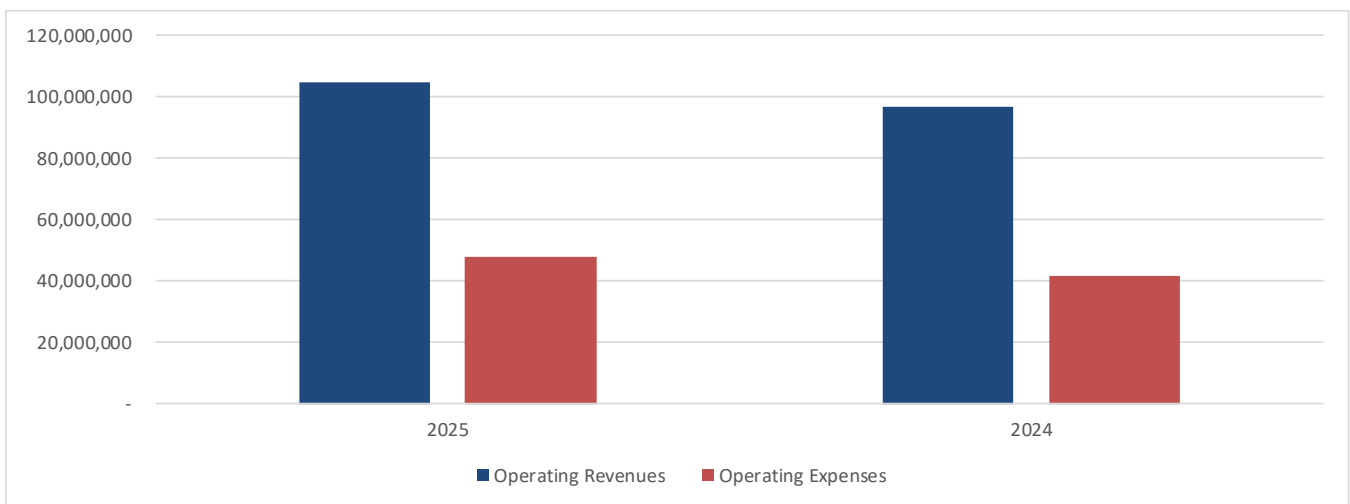
CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



Business-Type Activities

Business-type activities increased the City's net position by \$54,641,964. Key elements of this change are as follows:

- Revenues increased by \$8.3 million or 8.6% resulting from an increase in capital contributions of approximately \$4.4 million along with an increase in investment earnings of approximately \$0.2 million and charges for services of approximately \$3.6 million.



CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Financial Analysis of The City's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$259,092,632. Approximately 10.3% of this amount or \$26,756,255 is unassigned fund balance; however, within the unassigned fund balance \$26.1 million is set aside for operating reserves, as set forth in the City's financial policies and City charter.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance reached \$41.7 million of which unassigned fund balance of the General Fund was \$26.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 39.6% of total General Fund expenditures, while total fund balance represents 61.7% of that same amount.

Key differences between last year's General Fund activity and this year's include:

- \$3.0 million increase in total revenues - This increase is mainly due to an overall increase of approximately \$7.8 million in property tax revenue due to higher values and new improvements. Additionally, investment earnings decreased approximately \$3.2 million over prior year due to changes in the market and the decrease of fair market values.
- Expenditures increased approximately \$5.4 million over prior year. The increase is mainly due to personnel costs and other operating costs.

The fund balance of the Capital Projects Fund was \$179,796,342, an increase of \$130,976,274 compared to the prior year. This increase is related to issuance of bonds during the year and ongoing related projects.

The Debt Service Fund had a total fund balance of \$11,007,085 at the end of the fiscal year, all of which is restricted for the payment of debt service. The net increase in the Debt Service fund balance during the year was \$1,658,411.

The Federal ARPA special revenue fund has a total fund balance of \$761,287 at the end of the year and an overall \$381,232 increase from prior year.

Non-major governmental funds fund balance increased by \$4,378,511 and fund balance at the end of the year was \$25,872,769.

Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net position was \$74.7 million for the Utility Fund. The total increase in the net position of the Utility Fund was \$55,235,188. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position of the Golf Course Fund was \$1.3 million. The net position of Golf Course Fund decreased by \$593,224 resulting from decrease in number of rounds played, merchandise sales, and tournament revenues.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by City Council. Budgeted revenues decreased by \$1,517,300 while budgeted expenditures increased by \$901,350.

Actual revenues were more than amended budgeted revenues by \$4.1 million. This is primarily attributable to the City's sustained economic growth, population expansion, and increases in assessed property values, which have driven higher collections in property tax receipts, interest earnings, sales tax, franchise fees, garbage collection, and building plan review revenues. Actual expenditures were below final budgeted expenditures by \$4.7 million.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation and amortization) for its governmental and business-type activities as of September 30, 2025 is \$1.1 billion. The investment in capital assets include land, artwork and sculptures, construction in progress, buildings and improvements, machinery and equipment, infrastructure and system, and right to use assets and subscriptions.

Major capital events during the year included the following:

- Completed construction of Raider Way and Woodview Drive roadway widening and improvements
- Completed construction of Traffic Signal at Bagdad Road and Collaborative Way
- Completed construction of Traffic Signal at Journey Parkway and CR 175
- Completed construction of Lakeline 16-in Water Line
- Completed construction of lift stations #2, #6, #7, and #8
- Continued construction of Fire Training Building Conversion to Liquid Propane Gas
- Continued construction of Fire Station No.2 EMS addition
- Continued construction of Senior Activity Center
- Continued construction of San Gabriel Parkway Phase 2 road construction
- Continued construction of San Gabriel Parkway Right Turn Lane onto Hwy 183
- Continued construction of Hero Way East road construction with Williamson County
- Continued construction of Traffic Signal at Bar W and Ronald W. Reagan Boulevard
- Continued construction of San Gabriel Elevated Storage Tank
- Continued construction of Advanced Metering Infrastructure (AMI)
- Continued construction of Sandy Creek Water Treatment Plant Residuals Management System
- Continued construction of Bagdad Terminus Ground Storage Tank, Pump Station, and Water Lines
- Continued construction of Brushy Creek Regional Utility Authority (BCRUA) Water Treatment Plant Phase 2B expansion
- Continued construction of BCRUA Deep Water Well and Pump Station
- Continued construction of Falcon Oaks wastewater and water line
- Continued construction of RM2243 Wastewater Treatment Plant (WWTP) Lift Station and Gravity Relief Main
- Continued construction of Reclaimed Water Line System
- Continued construction of East Street Utilities

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Assets (continued)

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 7,238,294	\$ 7,238,294	\$ 2,396,732	\$ 2,396,732	\$ 9,635,026	\$ 9,635,026
Construction in progress	65,221,817	47,867,066	132,677,884	107,416,553	197,899,701	155,283,619
Artwork and sculptures	141,255	125,805	-	-	141,255	125,805
Buildings and improvements	56,209,968	56,209,968	2,678,046	2,678,046	58,888,014	58,888,014
Machinery and equipment	29,245,073	25,743,325	5,628,393	5,368,394	34,873,466	31,111,719
Infrastructure and system	612,525,854	571,295,050	446,887,345	418,785,338	1,059,413,199	990,080,388
Right to use assets	1,072,288	1,072,288	1,145,070	1,145,070	2,217,358	2,217,358
Right to use subscriptions	1,348,095	1,348,095	-	-	1,348,095	1,348,095
Accumulated depreciation/ Amortization	(148,923,219)	(128,773,257)	(87,973,743)	(78,504,194)	(236,896,962)	(207,277,451)
	<u>\$ 624,079,425</u>	<u>\$ 582,126,634</u>	<u>\$ 503,439,727</u>	<u>\$ 459,285,939</u>	<u>\$ 1,127,519,152</u>	<u>\$ 1,041,412,573</u>

More detailed information on the City's capital assets is presented in Note 4 to the financial statements.

Long-term Obligations

At the end of the current fiscal year, the City of Leander had the following in long-term obligations:

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 211,995,000	\$ 101,515,000	\$ -	\$ -	\$ 211,995,000	\$ 101,515,000
Revenue bonds	20,611,000	21,185,000	82,845,000	87,070,000	103,456,000	108,255,000
Premium on bond issuance	15,136,760	7,564,744	9,863,386	10,560,365	25,000,146	18,125,109
Discount on bonds	(109,477)	(114,436)	-	-	(109,477)	(114,436)
Notes payable	-	-	4,798,182	5,406,137	4,798,182	5,406,137
Leases payable	329,436	533,915	432,974	636,370	762,410	1,170,285
SBITA liability	276,477	616,057	-	-	276,477	616,057
Compensated absences	2,973,779	2,082,102	245,351	171,783	3,219,130	2,253,885
	<u>\$ 251,212,975</u>	<u>\$ 133,382,382</u>	<u>\$ 98,184,893</u>	<u>\$ 103,844,655</u>	<u>\$ 349,397,868</u>	<u>\$ 237,227,037</u>

The City of Leander is part of a joint venture agreement for the financing, construction and operations of the Brushy Creek Regional Utility Authority (BCRUA). As part of this agreement, the City has an outstanding balance of \$178,460,000 in contract revenue bonds at year-end.

Additional information on the City of Leander's long-term debt can be found in Note 5 to the financial statements.

CITY OF LEANDER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

- The FY 2026 budget enables the city to thoughtfully plan for the future, ensures that we can continue to provide the high level of service that our residents have come to expect, and enables us to manage an ever-changing environment as the Central Texas region continues its rapid growth.
- Ad Valorem tax is the largest revenue source for the City of Leander and is split between the General Fund (Operations and Maintenance) and Debt Service (Interest and Sinking Rate). The City adopted a tax rate of \$0.417282 for fiscal year 2025.
- Sales tax is a large revenue source for the General Fund. The City's total sales tax rate is 1 cent per \$1.00. Sales tax collections have a strong correlation between the local and national economic conditions. The city is expecting to see continued growth in this revenue source as commercial development grows in the area.
- The Water and Wastewater utility operations are funded primarily through user fees. The City's utility infrastructure and delivery systems have been carefully planned and have sufficiently met demand for a growing customer base. The number of water connections in fiscal year 2025 was 33,072, up 1,363 from fiscal year 2024. This growth is expected to continue.
- FY 2025 saw major Economic Development wins for the City. Notably, Freehill Development Company completed the city's first Class-A Flex Industrial project, introducing 227,000 square feet of spec industrial space to Leander.
- Additionally, TOPO broke ground on the Leander Union development along Crystal Falls Parkway. This \$48 million mixed-use project will deliver 155,000 square feet of office and retail space, creating new opportunities for businesses and enhancing our community's commercial offerings.
- Capital budgeting and tracking techniques continue to allow the City to make best use of funding and prioritization of projects. In FY 2026, approximately \$254 million has been earmarked for capital improvement projects. Of this total, approximately \$80 million has been earmarked for water and wastewater infrastructure.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Leander, P. O. Box 319, Leander, Texas 78646-0319.

BASIC FINANCIAL STATEMENTS



CITY OF LEANDER, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 44,873,090	\$ 35,182,325	\$ 80,055,415
Investments	72,540,310	5,001,855	77,542,165
Receivables, net of allowances:			
Taxes	4,073,085	-	4,073,085
Accounts	2,306,257	7,521,971	9,828,228
Lease receivable	-	170	170
Due from other governments	10,645	611,418	622,063
Inventory	-	95,277	95,277
Prepaid items	1,002,269	630,336	1,632,605
Investment in joint venture	-	40,473,494	40,473,494
Restricted cash and cash equivalents	162,595,422	98,680,721	261,276,143
Capital assets not being depreciated/amortized	72,601,366	135,074,616	207,675,982
Capital assets, net of accumulated depreciation/amortization	551,478,059	368,365,111	919,843,170
Total Assets	911,480,503	691,637,294	1,603,117,797
Deferred Outflows of Resources			
Deferred charge on refunding	345,856	458,733	804,589
Related to pension	4,572,442	584,260	5,156,702
Related to OPEB - TMRS supplemental death benefit	97,119	12,369	109,488
Related to OPEB - retiree health plan	46,915	5,995	52,910
Total Deferred Outflows of Resources	5,062,332	1,061,357	6,123,689
Liabilities			
Accounts payable	8,458,665	6,393,291	14,851,956
Accrued liabilities	1,462,510	163,835	1,626,345
Accrued interest	547,438	490,501	1,037,939
Retainage payable	345,157	-	345,157
Unearned revenue	7,104,633	40,510	7,145,143
Customer deposits	900	3,708,203	3,709,103
Deposits in escrow	9,876,872	-	9,876,872
Noncurrent liabilities:			
Due within one year	12,255,339	5,488,863	17,744,202
Due in more than one year	238,957,636	92,696,030	331,653,666
Net pension liability	7,938,051	1,014,251	8,952,302
Total OPEB liability	1,094,523	139,841	1,234,364
Total Liabilities	288,041,724	110,135,325	398,177,049
Deferred Inflows of Resources			
Deferred gain on refunding	2,230,987	-	2,230,987
Related to pension	950,999	121,472	1,072,471
Related to OPEB - TMRS supplemental death benefit	216,686	27,713	244,399
Related to OPEB - retiree health plan	138,828	17,738	156,566
Total Deferred Inflows of Resources	3,537,500	166,923	3,704,423
Net Position			
Net investment in capital assets	553,751,440	427,381,356	981,132,796
Restricted for:			
Debt service	10,735,898	7,250,725	17,986,623
Traffic impact analysis	9,971,745	-	9,971,745
Court fees	174,243	-	174,243
Parks	7,824,015	-	7,824,015
Police	774,537	-	774,537
Fire	277,467	-	277,467
Hotel occupancy tax	125,199	-	125,199
Economic development	1,324,692	-	1,324,692
Public works	52,504	-	52,504
TIRZ #1 projects	1,754,066	-	1,754,066
Grants	219,495	-	219,495
Public improvement districts	3,482,244	-	3,482,244
Capital projects	-	71,776,019	71,776,019
Unrestricted	34,496,066	75,988,303	110,484,369
Total Net Position	\$ 624,963,611	\$ 582,396,403	\$ 1,207,360,014

CITY OF LEANDER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 21,713,165	\$ 5,915,298	\$ 20,358	\$ -
Public safety	36,979,724	1,449,330	195,295	-
Public works	25,237,730	8,753,909	3,256,621	44,553,372
Community development	1,272,422	-	-	-
Parks and recreation	9,350,771	765,992	45,545	499,889
Interest on long-term debt	4,459,891	-	-	-
Total Governmental Activities	99,013,703	16,884,529	3,517,819	45,053,261
Business-Type Activities:				
Utility services	44,990,758	51,666,630	-	44,055,258
Golf course	2,792,175	3,131,071	-	-
Total Business-Type Activities	47,782,933	54,797,701	-	44,055,258
Total Primary Government	\$ 146,796,636	\$ 71,682,230	\$ 3,517,819	\$ 89,108,519

CITY OF LEANDER, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ (15,777,509)	\$ -	\$ (15,777,509)
Public safety	(35,335,099)	-	(35,335,099)
Public works	31,326,172	-	31,326,172
Community development	(1,272,422)	-	(1,272,422)
Parks and recreation	(8,039,345)	-	(8,039,345)
Interest on long-term debt	(4,459,891)	-	(4,459,891)
Total Governmental Activities	(33,558,094)	-	(33,558,094)
Business-Type Activities:			
Utility services	-	50,731,130	50,731,130
Golf course	-	338,896	338,896
Total Business-Type Activities	-	51,070,026	51,070,026
Total Primary Government	(33,558,094)	51,070,026	17,511,932
General Revenues:			
Taxes:			
Property taxes	68,437,006	-	68,437,006
Special assessments	1,814,150	-	1,814,150
Franchise and other taxes	5,156,205	-	5,156,205
Sales taxes	12,325,778	-	12,325,778
Mixed beverage	134,049	-	134,049
Hotel occupancy	184,752	-	184,752
Interest	7,316,866	6,071,938	13,388,804
Miscellaneous	1,782,186	-	1,782,186
Transfers	2,500,000	(2,500,000)	-
Total General Revenues and Transfers	99,650,992	3,571,938	103,222,930
Change in net position	66,092,898	54,641,964	120,734,862
Net Position - Beginning	558,870,713	527,754,439	1,086,625,152
Net Position - Ending	\$ 624,963,611	\$ 582,396,403	\$ 1,207,360,014

CITY OF LEANDER, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	Federal ARPA Grants	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 50,351,278	\$ 19,982,367	\$ 11,007,085	\$ 5,456,367	\$ 30,803,393	\$ 117,600,490
Receivables, net of allowance:						
Taxes	3,796,834	-	276,251	-	-	4,073,085
Customer accounts	336,750	-	-	-	-	336,750
Other receivables	1,910,010	-	-	-	59,497	1,969,507
Due from other governments	1,031	-	-	-	9,614	10,645
Prepaid items	1,002,269	-	-	-	-	1,002,269
Restricted cash and cash equivalents	-	162,408,332	-	-	-	162,408,332
Total Assets	\$ 57,398,172	\$ 182,390,699	\$ 11,283,336	\$ 5,456,367	\$ 30,872,504	\$ 287,401,078
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable	\$ 3,629,712	\$ 2,245,522	\$ -	\$ 1,513,331	\$ 1,070,100	\$ 8,458,665
Retainage payable	-	345,157	-	-	-	345,157
Accrued liabilities	1,452,832	3,678	-	-	6,000	1,462,510
Customer deposits	150	-	-	-	750	900
Deposits in escrow	9,876,872	-	-	-	-	9,876,872
Unearned revenue	-	-	-	3,181,749	3,922,885	7,104,634
Total Liabilities	14,959,566	2,594,357	-	4,695,080	4,999,735	27,248,738
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	492,770	-	276,251	-	-	769,021
Unavailable revenue - court fines and fees	290,687	-	-	-	-	290,687
Total Deferred Inflows of resources	783,457	-	276,251	-	-	1,059,708
Fund Balances:						
Nonspendable:						
Prepaid items	1,002,269	-	-	-	-	1,002,269
Restricted:						
Debt service	-	-	11,007,085	-	-	11,007,085
Capital projects	-	163,379,171	-	-	-	163,379,171
Traffic impact analysis	-	-	-	-	9,971,745	9,971,745
Court fees	-	-	-	-	174,243	174,243
Parks	-	-	-	-	7,824,015	7,824,015
Police	-	-	-	-	691,847	691,847
Fire	-	-	-	-	364,258	364,258
Hotel occupancy tax	-	-	-	-	125,199	125,199
Economic development	-	-	-	-	1,324,692	1,324,692
Public works	-	-	-	-	52,504	52,504
TIRZ #1 projects	-	-	-	-	1,754,066	1,754,066
Grants	-	-	-	761,287	-	761,287
Public improvement districts	-	-	-	-	3,482,244	3,482,244
Committed:						
Old town incentive program	374,429	-	-	-	-	374,429
Bryson farmstead	224,606	-	-	-	-	224,606
Leander clean up	47,923	-	-	-	-	47,923
PEG communications	735,475	-	-	-	-	735,475
Public arts	-	-	-	-	107,956	107,956
Capital projects	-	16,417,171	-	-	-	16,417,171
Assigned:						
Equipment and vehicles	8,214,192	-	-	-	-	8,214,192
Subsequent year's budget appropriation of fund balance	4,300,000	-	-	-	-	4,300,000
Unassigned	26,756,255	-	-	-	-	26,756,255
Total Fund Balances	41,655,149	179,796,342	11,007,085	761,287	25,872,769	259,092,632
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 57,398,172	\$ 182,390,699	\$ 11,283,336	\$ 5,456,367	\$ 30,872,504	\$ 287,401,078

CITY OF LEANDER, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2025

Total Fund Balance, Governmental Funds \$ 259,092,632

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 in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 624,079,425

Revenues from property taxes and fines are deferred inflows of resources in the fund financial statements, but such revenues are recognized in the government-wide financial statements. 1,059,709

Long-term liabilities (net pension liability, bonds payable, leases payable, SBITA liability, etc.) are not due and payable in the current period and therefore have not been included in the fund financial statements. Also, the deferred charge on refunding, the premium on issuance of bonds and deferred resource outflows related to the net pension and OPEB liability are not reported in the funds.

Bonds payable	(232,606,000)
Unamortized premium on bonds	(15,027,283)
Leases payable	(329,436)
SBITA liability	(276,477)
Compensated absences	(2,973,779)
Accrued interest payable	(547,438)
Deferred charge (gain) on refunding, net	(1,885,131)
Net pension liability	(7,938,051)
Total OPEB liability	(1,094,523)
Deferred outflows and inflows of resources related to the net pension liability	3,621,443
Deferred outflows and inflows of resources related to the total OPEB liability	(211,480)

Net Position of Governmental Activities in the Statement of Net Position \$ 624,963,611

CITY OF LEANDER, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2025

	General Fund	Capital Projects	Debt Service Fund	Federal ARPA Grants	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes:						
Property	\$ 39,043,063	\$ -	\$ 22,470,239	\$ -	\$ 6,788,000	\$ 68,301,302
Sales	12,325,778	-	-	-	-	12,325,778
Franchise	5,228,581	-	-	-	-	5,228,581
Hotel occupancy	-	-	-	-	184,752	184,752
Mixed beverage	134,049	-	-	-	-	134,049
Property assessments	-	-	-	-	1,814,150	1,814,150
Fines and forfeitures	388,398	-	-	-	146,291	534,689
Licenses, permits and fees	6,569,747	-	-	-	4,040,416	10,610,163
Intergovernmental	1,033,139	-	-	2,919,556	139,729	4,092,424
Charges for services	6,749,592	-	-	-	633,743	7,383,335
Investment earnings	2,481,588	2,285,070	1,051,010	239,816	1,259,380	7,316,864
Donations	67,337	-	-	-	23,531	90,868
Miscellaneous	1,229,791	1,624,310	-	-	441,292	3,295,393
Total Revenues	75,251,063	3,909,380	23,521,249	3,159,372	15,471,284	121,312,348
Expenditures						
Current:						
General government	17,757,674	839,149	3,333,776	-	237,801	22,168,400
Public safety	32,569,572	-	-	-	727,921	33,297,493
Public works	9,728,976	-	-	-	-	9,728,976
Parks and recreation	4,691,066	-	-	-	484,876	5,175,942
Community development	-	-	-	-	1,282,265	1,282,265
Debt service:						
Principal	-	-	14,944,057	-	574,000	15,518,057
Interest and other charges	-	1,132,548	4,687,255	-	987,489	6,807,292
Capital outlay	2,767,268	13,099,048	-	2,778,140	2,690,116	21,334,572
Total Expenditures	67,514,556	15,070,745	22,965,088	2,778,140	6,984,468	115,312,997
Excess (deficiency) of revenues over (under) expenditures	7,736,507	(11,161,365)	556,161	381,232	8,486,816	5,999,351
Other Financing Sources (Uses)						
Issuance of capital-related debt	-	124,880,000	-	-	-	124,880,000
Premium on bond issuance	-	8,363,179	-	-	-	8,363,179
Transfers in	2,500,000	9,144,460	1,102,250	-	224,801	12,971,511
Transfers out	(5,888,405)	(250,000)	-	-	(4,333,106)	(10,471,511)
Proceeds from sale of capital assets	118	-	-	-	-	118
Total Other Financing Sources (Uses)	(3,388,287)	142,137,639	1,102,250	-	(4,108,305)	135,743,297
Net change in fund balances	4,348,220	130,976,274	1,658,411	381,232	4,378,511	141,742,648
Fund Balances - Beginning	37,306,929	48,820,068	9,348,674	380,055	21,494,258	117,349,984
Fund Balances - Ending	\$ 41,655,149	\$ 179,796,342	\$ 11,007,085	\$ 761,287	\$ 25,872,769	\$ 259,092,632

CITY OF LEANDER, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 141,742,648

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	21,456,959
Contributed capital assets	41,230,804
Depreciation and amortization expense	(20,734,972)

The issuance of long-term debt (e.g., bonds, leases, SBITA) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items

Issuance of bonds	(124,880,000)
Issuance of bond premiums	(8,363,179)
Repayment of principal	16,457,089

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(891,677)
Net pension/OPEB liability	(263,925)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.

275,823

Revenues from property taxes and fines that do not provide current financial resources are not reported as revenues in the funds.

63,328

Change in Net Position of Governmental Activities

\$ 66,092,898

CITY OF LEANDER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities Enterprise Funds		Totals
	Utility	Non-Major Golf Course	
Assets			
Current Assets:			
Cash and cash equivalents	\$ 38,499,758	\$ 1,684,422	\$ 40,184,180
Accounts receivable, net	7,521,868	103	7,521,971
Leases receivable	-	170	170
Due from other governments	611,418	-	611,418
Prepays	609,000	21,336	630,336
Inventory	-	95,277	95,277
Restricted cash and cash equivalents	98,680,721	-	98,680,721
Total Current Assets	145,922,765	1,801,308	147,724,073
Non-Current Assets:			
Investment in joint venture	40,473,494	-	40,473,494
Capital Assets, net:			
Non-depreciable	132,924,132	2,150,484	135,074,616
Depreciable	366,489,937	1,875,174	368,365,111
Total Capital Assets	499,414,069	4,025,658	503,439,727
Total Non-Current Assets	539,887,563	4,025,658	543,913,221
Total Assets	685,810,328	5,826,966	691,637,294
Deferred Outflows of Resources			
Deferred charge on refunding	458,733	-	458,733
Related to pension	441,260	143,000	584,260
Related to OPEB - TMRS supplemental death benefit	9,369	3,000	12,369
Related to OPEB - retiree health plan	4,528	1,467	5,995
Total Deferred Outflows of Resources	913,890	147,467	1,061,357
Liabilities			
Current Liabilities:			
Accounts payable	6,277,176	116,115	6,393,291
Accrued liabilities	605,193	49,143	654,336
Deposits in escrow	-	-	-
Unearned revenue	-	40,510	40,510
Customer deposits	3,707,703	500	3,708,203
Compensated absences	40,471	20,866	61,337
Bonds and other long-term debt payable	5,221,193	206,333	5,427,526
Total Current Liabilities	15,851,736	433,467	16,285,203
Non-current Liabilities:			
Compensated absences	121,415	62,599	184,014
Net Pension liability	766,051	248,200	1,014,251
Total OPEB liability - retiree health plan	54,372	17,616	71,988
Total OPEB liability - supplemental death benefit	51,253	16,600	67,853
Bonds and other long-term debt payable	92,285,375	226,641	92,512,016
Total Non-current Liabilities	93,278,466	571,656	93,850,122
Total Liabilities	109,130,202	1,005,123	110,135,325
Deferred Inflows of Resources			
Related to pension	91,772	29,700	121,472
Related to OPEB - TMRS supplemental death benefit	20,913	6,800	27,713
Related to OPEB - retiree health plan	13,397	4,341	17,738
Total Deferred Inflows of Resources	126,082	40,841	166,923
Net Position			
Net investment in capital assets	423,788,672	3,592,684	427,381,356
Restricted for capital projects	71,776,019	-	71,776,019
Restricted for debt service	7,250,725	-	7,250,725
Unrestricted	74,652,518	1,335,785	75,988,303
Total Net Position	\$ 577,467,934	\$ 4,928,469	\$ 582,396,403

CITY OF LEANDER, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise Fund		
	Utility	Non-Major Golf Course	Totals
Operating Revenues			
Charges for services	\$ 51,592,399	\$ 3,092,581	\$ 54,684,980
Miscellaneous	74,231	38,490	112,721
Total Operating Revenues	51,666,630	3,131,071	54,797,701
Operating Expenses			
Personnel services	4,391,590	1,570,411	5,962,001
Supplies and maintenance	3,694,339	679,682	4,374,021
Services and other	20,060,755	180,834	20,241,589
Depreciation	9,189,844	328,186	9,518,030
Total Operating Expenses	37,336,528	2,759,113	40,095,641
Operating income	14,330,102	371,958	14,702,060
Non-Operating Revenues (Expenses)			
Investment earnings	6,004,058	67,880	6,071,938
Interest expense	(7,654,230)	(33,062)	(7,687,292)
Total Non-Operating Revenues (Expenses)	(1,650,172)	34,818	(1,615,354)
Income (loss) before contributions and transfers	12,679,930	406,776	13,086,706
Capital contributions	44,055,258	-	44,055,258
Transfers out	(1,500,000)	(1,000,000)	(2,500,000)
Change in Net Position	55,235,188	(593,224)	54,641,964
Net Position - Beginning	522,232,746	5,521,693	527,754,439
Total Net Position - Ending	\$ 577,467,934	\$ 4,928,469	\$ 582,396,403

CITY OF LEANDER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise Funds		
	Utility	Non-Major Golf Course	Totals
Cash Flows from Operating Activities			
Cash received from customers and users	\$ 51,358,655	\$ 3,131,071	\$ 54,489,726
Cash payments to suppliers for goods and services	(32,484,057)	(798,611)	(33,282,668)
Cash payments to employees for services	(4,341,691)	(1,545,563)	(5,887,254)
Net Cash Provided by Operating Activities	<u>14,532,907</u>	<u>786,897</u>	<u>15,319,804</u>
Cash Flows from Noncapital Financing Activities			
Transfers out to other funds	(1,500,000)	(1,000,000)	(2,500,000)
Net Cash Used by Noncapital Financing Activities	<u>(1,500,000)</u>	<u>(1,000,000)</u>	<u>(2,500,000)</u>
Cash Flows from Capital and Related Financing Activities			
Capital contributions - impact fees	19,940,003	-	19,940,003
Acquisition and construction of capital assets	(30,529,768)	(60,874)	(30,590,642)
Principal paid on long-term debt	(4,832,955)	(203,396)	(5,036,351)
Interest paid on long-term debt	(7,695,933)	(33,062)	(7,728,995)
Net Cash Used by Capital and Related Financing Activities	<u>(23,118,653)</u>	<u>(297,332)</u>	<u>(23,415,985)</u>
Cash Flows from Investing Activities			
Investment earnings received	6,004,058	67,880	6,071,938
Net Cash Provided by Investing Activities	<u>6,004,058</u>	<u>67,880</u>	<u>6,071,938</u>
Net change in cash and cash equivalents	(4,081,688)	(442,555)	(4,524,243)
Cash and Cash Equivalents, Beginning	<u>141,262,167</u>	<u>2,126,977</u>	<u>143,389,144</u>
Cash and Cash Equivalents, Ending	<u>\$ 137,180,479</u>	<u>\$ 1,684,422</u>	<u>\$ 138,864,901</u>
Reconciliation of Total Cash and Cash Equivalents			
Cash and cash equivalents	\$ 38,499,758	\$ 1,684,422	\$ 40,184,180
Restricted cash and cash equivalents	98,680,721	-	98,680,721
Total Cash and Cash Equivalents	<u>\$ 137,180,479</u>	<u>\$ 1,684,422</u>	<u>\$ 138,864,901</u>

CITY OF LEANDER, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise		
	Funds		
	Utility	Non-Major Golf Course	Totals
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities:			
Operating income	\$ 14,330,102	\$ 371,958	\$ 14,702,060
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	9,189,844	328,186	9,518,030
Change in assets, deferred inflows and outflows, and liabilities:			
(Increase) decrease in accounts receivable	(482,939)	-	(482,939)
(Increase) decrease in inventory	-	(2,462)	(2,462)
(Increase) decrease in due from other governments	(455,210)	-	(455,210)
(Increase) decrease in investment in joint venture	(7,041,717)	-	(7,041,717)
(Increase) decrease in deferred outflow related to pensions	375,190	124,467	499,657
(Increase) decrease in deferred outflow related to OPEB	(6,441)	678	(5,763)
Increase (decrease) in accounts payable	(6,503)	39,198	32,695
Increase (decrease) in accrued liabilities	(1,198,417)	13,899	(1,184,518)
Increase (decrease) in unearned revenue	(27,116)	11,270	(15,846)
Increase (decrease) in customer deposits	174,964	-	174,964
Increase (decrease) in net pension liability	(169,528)	(58,293)	(227,821)
Increase (decrease) in total OPEB liability	5,574	1,440	7,014
Increase (decrease) in compensated absences	48,541	25,027	73,568
Increase (decrease) in deferred inflow related to pensions	(205,120)	(67,561)	(272,681)
Increase (decrease) in deferred inflow related to OPEB	1,683	(910)	773
Net Cash Provided by Operating Activities	\$ 14,532,907	\$ 786,897	\$ 15,319,804
Noncash Capital and Financing Activities			
Infrastructure contributed by developers	\$ 24,115,258	\$ -	\$ 24,115,258



CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Leander, Texas (the “City”) was incorporated in 1978 under the laws of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (fire and police), streets, water and wastewater services, public improvements, planning and zoning, parks and recreation, and general administrative services. The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City’s reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements.

A. Reporting Entity

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. A blended component unit is, in substance, part of the primary government’s operations, even though legally a separate entity. Thus, the blended component unit is appropriately presented as a fund of the primary government. The Tax Increment Reinvestment Zone #1 (TIRZ) and Public Improvement Districts (PIDs) has been included in the City’s reporting entity as a blended component unit.

The Tax Increment Reinvestment Zone #1 (TIRZ) was created to enable the proper planning, layout, financing and construction of public streets and roadways, and water, wastewater and drainage systems, to improve traffic flow and access, public safety, eliminate some conditions that endanger life or property, and provide facilities necessary to the public safety, health and welfare. The affairs of the District are managed by a Board of Directors composed of four directors appointed by the City Council and one director appointed by Williamson County, Texas. Complete financial statements from the component may be obtained at the City’s administrative office.

Public Improvement Districts were created by the City under the authority of Chapter 372 of the Texas Local Code. The statute allows for a city to levy a special assessment against properties within the District to pay for improvements to the properties within the District. The City currently has three public improvement districts in the following developments: Oak Creek, Deerbrooke and Crystal Springs.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, interest revenue and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

The **Debt Service Fund** is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related costs.

The **Federal ARPA Funds** is a special revenue fund used to account for the accumulation of resources and related costs related to the funds received as part of the American Rescue Plan Act.

Other governmental funds is a summarization of all the non-major governmental funds.

The City reports the following major enterprise fund:

The **Utility Fund** is used to account for the activities of the City's water and wastewater operations.

The City reports the following non-major Enterprise Fund:

The **Golf Course Fund** accounts for the City's golf course activity.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances at year end are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type column.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) to be cash equivalents. The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City are reported at fair value, except for the position in investment pools. Investment pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method and consists of golf course goods for sale. The cost of such inventory is recorded as an expense at the point of sale.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government - wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets include capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; customer deposits; and assets set aside for construction of future debt funded improvements.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical collection rate percentages. The City recognizes penalties and interest due on delinquent taxes receivable as a component of delinquent taxes receivable.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Joint Venture

Investment in joint venture represents an equity interest in the Brushy Creek Regional Utility Authority (BCRUA), a regional water treatment and distribution system. The investment amounts represents the City's share in the joint venture's net position at year-end.

Capital Assets

Capital assets are tangible and intangible, which include land, construction in progress, artwork and sculptures, buildings, machinery and equipment, right to use assets, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements which extend asset lives are capitalized and depreciated over the useful lives of the related assets, as applicable. The City defines capital assets as assets with an original cost of \$5,000 or more and an estimated useful life of over one year. When property or equipment is retired from service or otherwise disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reported in the statement of activities.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City did not capitalize infrastructure built and/or acquired prior to fiscal year 2001. These items built and/or acquired beginning in fiscal year 2001 are capitalized.

Land, construction in progress, and artwork and sculptures are not depreciated. Other tangible and intangible assets are depreciated/amortized using the straight-line method over the estimated useful lives of the assets which range as follows:

Buildings and improvements	15-30 Years
Utility distribution system	50 Years
Streets and drainage infrastructure	40 Years
Equipment	5-10 Years
Right to use assets	2-6 Years
Right to use subscriptions	Subscription Term

Leases

The City is a lessee for a noncancellable lease of equipment. The City recognizes lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Leases (continued)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements (SBITA)

The City is under contract for various SBITAs for the right to use subscription assets. The SBITAs are noncancellable, and the City recognizes a SBITA liability and an intangible right to use SBITA asset in the governmentwide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$10,000 or more.

At the commencement of the SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Long-Term Obligations

In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issues are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds received, are reported as debt service expenses on the government-wide financial statements and as expenditures on the fund financial statements.

Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

Supplemental Death Benefit. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- **Deferred charges on refunding** – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Deferred outflows of resources for pension** – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and results in 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- **Deferred outflows of resources for post-employment benefits** – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and results in 1) differences between projected and actual earnings on pension plan investments and 2) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to post-employment benefits resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net postemployment benefit liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with postemployment benefits through the post-employment benefit plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows or resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and municipal court fines. The City has the following items that qualify for reporting on an accrual basis.

- **Deferred inflows of resources for unavailable revenues and court fines/fees** – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources (continued)

- **Deferred inflows of resources for pension** – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the City’s proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- **Deferred inflows of resources for post-employment benefits** – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with post-employment benefits through the post-employment benefit plan.

Net Position

Net position represents the difference between assets, deferred inflows/outflows of resources and liabilities. Net position investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, be adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Recent Accounting Pronouncements

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. There was no material effect to the financial statements, and no restatement deemed necessary.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has evaluated the applicability of this Statement and determined that it does not have an impact on the financial statements for the fiscal year ended September 30, 2025.

E. Revenues and Expenditures / Expenses

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues*.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures / Expenses (continued)

Property Taxes

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On February 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Williamson and Travis Central Appraisal Districts ("CAD") establish appraised values. Taxes are levied by the City Council based on the appraised values received from each CAD. The Williamson and Travis County Tax Assessors bill and collect the taxes levied.

The tax rate for the October 1, 2024, levy was \$0.417282 (\$0.273604 for general government and \$0.143678 for debt service) per \$100 of assessed valuation.

The Texas Property Tax Code requires all property to be assessed on the basis of 100% of appraised value. The value of property must be reviewed at least every three years. Under the Property Tax Code, the city is required to calculate the "voter-approval tax rate" and "no-new-revenue tax rate." The no-new-revenue formula assumes that if values increase, the tax rate should decrease, or if values decrease then then the tax rate will increase, to create the same amount of revenue as it did the year before. If the city adopts a tax rate that exceeds its voter-approval tax rate, which is calculated as 3.5% above the no-new-revenue tax rate, an election must be held to approve that rate or reduce the adopted tax rate to the voter-approval tax rate.

Compensated Absences

The City's employees earn vacation, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City uses a Last-In, First-Out (LIFO) method when calculating the liability for compensated absences expected to be used as leave. Historical data over the past three years indicate that employees have earned more leave than they have used. As a result, no portion of that leave is projected to be used as time off. As such, under LIFO, the more likely than not (MLTN) threshold may result in a lower or even zero liability when current year leave is not expected to be used or paid. In addition, the liability is recorded as constrained by established policy limits and payroll-related costs have been incorporated.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's Utility and Golf Course Funds are charges to customers for sales and services. The Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses include cost of sales and services, administrative expenses, and depreciation expense on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

E. Revenues and Expenditures / Expenses (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Note 2. Cash and Investments

Cash and investment balances for most of the City's funds are consolidated in pooled cash and investment accounts. At September 30, 2025, the carrying amount of the City's deposits was \$16,589,600 with the respective bank balance of \$17,643,580. Pooled balances include amounts in demand deposits, local government investment pools, commercial paper, and United States (U. S.) Agency Securities. Interest earnings are then allocated monthly to each fund based on its pooled equity balance. Separate cash and investment accounts are maintained for interest and sinking funds (debt service).

The City's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The PFIA (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. This policy authorizes the City to invest in (1) obligations of the United States of America, its agencies and instrumentalities, excluding mortgaged backed securities, with a stated final maturity not to exceed three years, (2) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than AA- or its equivalent, with a stated final maturity not to exceed three years, (3) Depository certificated of deposit issued by a bank or savings bank doing business in Texas that is insured by the Federal Deposit Insurance or its successor or secured by obligations in a manner and amount provided by law and this policy for deposits of the City, (4) money market mutual funds that (a) are registered and regulated by the Securities and Exchange Commission, (b) have a dollar weighted average stated maturity of 60 days or less, (c) are rated AAA by at least one nationally recognized rating service, (d) seek to maintain a net asset value of \$1.00 per share, and (e) are in compliance with SEC Rule 2a-7, (5) Texas local government investment pools, which (a) meet the requirements of the PFIA, (b) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, (c) must maintain a maximum average dollar weighted maturity of 60 days, (d) seek to maintain a \$1.00 net asset value, (e) be authorized by resolution or ordinance of the City Council, and (f) are in compliance with SEC Rule 2a-7, (6) fully collateralize repurchase agreements with a bank in Texas or a primary dealer, executed under the Bond Market Master Repurchase Agreement in accordance with the Act not to exceed 120 days, (7) FDIC insured "brokered certificates of deposit" securities from a bank in any US state, delivered versus payment to the City's safekeeping agent, not to exceed one year to maturity, (8) FDIC insured or collateralized interest bearing accounts in any bank in Texas, and (9) SEC registered, A1/P1 rated commercial paper with a maturity not more than 270 days.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

As of September 30, 2025, the City had the following cash and investments:

Cash and Investment Type	Carrying Value	Percentage of Portfolio	Weighted Average Maturity (Days)	Rating
Bank Accounts/CDs - int mon/qtr	\$ 1,437,261	0.34%	1	AAA
BOK Financial - MM Funds	3,469,236	0.83%	1	AAA
Money Market Funds	10,681,210	2.55%	1	AAA
TexPool	310,954,756	74.24%	31	AAA
TexStar	10,325,392	2.47%	30	AAA
Certificate of Deposit	4,463,703	1.07%	127	N/A
Federal Agency Coupon Securities	35,495,681	8.47%	331	AAA
Treasury Coupon Securities	42,046,484	10.04%	164	AAA
	<u>\$ 418,873,723</u>			

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

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

As of September 30, 2025, the City had the following recurring fair value measurements:

Investments by Fair Level Value	Fair value as of 9/30/2025	Fair Value Measurements Using	
		Level 1	Level 2
Federal Agency Coupon Securities	\$ 35,495,681	\$ -	\$ 35,495,681
Treasury Coupon Securities	42,046,484	-	42,046,484
	<u>\$ 77,542,165</u>	<u>\$ -</u>	<u>\$ 77,542,165</u>

Because the investments are restricted by policy and state law to active secondary market, the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The exit or fair market prices used for these fair market valuations of the portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date.

The State Comptroller of Public Accounts exercises oversight responsibilities over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an Advisory Board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

JP Morgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. serve as co-administrators under an agreement with the TexStar board of directors to provide investment and participant services for this pool. JP Morgan Chase Bank or its subsidiary, JP Morgan Investor Services Co. provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The Texas Range program has an Advisory Board made up of representatives of several participating local governments. PFM Asset Management, LLC provides administrative and investment services to the Advisory Board. U. S. Bank provides the custodial, transfer agency, fund accounting, and depository services for this pool.

The City's investment pools each have a redemption notice period of one day and may redeem daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting weighted average maturity of the portfolio to 2 years. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed three years from the time of purchase.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2025, the City's deposit balance was covered by FDIC or with securities held by the pledging financial institution in the City's name.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

Credit Risk. State law and City policy limit investments to those rated no lower than AA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2025, the City’s investments were rated by Standard & Poor’s and Moody’s with ratings as noted above.

Concentration of Credit Risk. The City’s investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and continuously investing a portion of the portfolio in readily available funds such as local government investment pools.

Note 3. Restricted Cash and Investments

As of September 30, 2025, the City held restricted cash and investments of \$261,276,143 for the following purposes:

Governmental Funds		
Capital projects - bond proceeds		\$ 162,595,422
Total Governmental Funds - Restricted Cash and Investments		<u>162,595,422</u>
Proprietary Funds:		
Utility - construction		93,655,992
Utility - debt service		5,024,729
Total Proprietary Funds - Restricted Cash and Investments		<u>98,680,721</u>
Total Restricted Cash and Investments		<u>\$ 261,276,143</u>

Note 4. Receivables and Deferred Inflows of Resources

Receivables as of September 30, 2025 for the City’s individual major funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Proprietary Fund		Total
	General	Debt Service	Federal ARPA Grants	Nonmajor	Utility	Golf Course - Nonmajor	
Receivables:							
Property taxes	\$ 378,973	\$ 210,107	\$ -	\$ -	\$ -	\$ -	\$ 589,080
Penalties and interest	132,746	76,649	-	-	-	-	209,395
Sales tax	2,223,124	-	-	-	-	-	2,223,124
Franchise taxes	1,080,940	-	-	-	-	-	1,080,940
Customer accounts	336,750	-	-	-	9,283,245	103	9,620,098
Other	3,619,034	-	-	59,497	-	-	3,678,531
Gross receivables	<u>7,771,567</u>	<u>286,756</u>	<u>-</u>	<u>59,497</u>	<u>9,283,245</u>	<u>103</u>	<u>17,401,168</u>
Less: allowance for uncollectibles	(1,727,973)	(10,505)	-	-	(1,761,377)	-	(3,499,855)
Net Total Receivables	<u>\$ 6,043,594</u>	<u>\$ 276,251</u>	<u>\$ -</u>	<u>\$ 59,497</u>	<u>\$ 7,521,868</u>	<u>\$ 103</u>	<u>\$ 13,901,313</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2025, is as follows:

Governmental Activities	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 7,238,294	\$ -	\$ -	\$ 7,238,294
Construction in progress	47,867,066	18,201,565	(846,814)	65,221,817
Artwork and sculptures	125,805	15,450	-	141,255
Total Capital Assets, Not Being Depreciated/Amortized	55,231,165	18,217,015	(846,814)	72,601,366
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	56,209,968	-	-	56,209,968
Machinery and equipment	25,743,325	4,086,758	(585,010)	29,245,073
Infrastructure	571,295,050	41,230,804	-	612,525,854
Right to use assets	1,072,288	-	-	1,072,288
SBITA subscriptions assets	1,348,095	-	-	1,348,095
Total Capital Assets, Being Depreciated/Amortized	655,668,726	45,317,562	(585,010)	700,401,278
Less Accumulated Depreciation/Amortization For:				
Buildings and improvements	(22,822,135)	(2,249,050)	-	(25,071,185)
Machinery and equipment	(16,159,404)	(3,139,291)	585,010	(18,713,685)
Infrastructure	(88,471,413)	(14,797,524)	-	(103,268,937)
Right to use assets	(590,622)	(193,530)	-	(784,152)
SBITA assets	(729,683)	(355,577)	-	(1,085,260)
Total Accumulated Depreciation/Amortization	(128,773,257)	(20,734,972)	585,010	(148,923,219)
Total Capital Assets, Being Depreciated/Amortized, Net	526,895,469	24,582,590	-	551,478,059
Governmental Activities Capital Assets, Net	\$ 582,126,634	\$ 42,799,605	\$ (846,814)	\$ 624,079,425
Business-Type Activities	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Capital Assets, Not Being Depreciated/Amortized:				
Land	\$ 2,396,732	\$ -	\$ -	\$ 2,396,732
Construction in progress	107,416,553	29,248,080	(3,986,749)	132,677,884
Total Capital Assets, Not Being Depreciated/Amortized	109,813,285	29,248,080	(3,986,749)	135,074,616
Capital Assets, Being Depreciated/Amortized:				
Buildings and improvements	2,678,046	-	-	2,678,046
Machinery and equipment	5,368,394	308,480	(48,481)	5,628,393
Infrastructure	418,785,338	24,115,258	3,986,749	446,887,345
Right to use equipment	1,145,070	-	-	1,145,070
Total Capital Assets, Being Depreciated/Amortized	427,976,848	24,423,738	3,938,268	456,338,854
Less Accumulated Depreciation/Amortization For:				
Buildings and improvements	(1,114,323)	(99,545)	-	(1,213,868)
Machinery and equipment	(2,484,487)	(463,109)	48,481	(2,899,115)
Infrastructure	(74,439,449)	(8,699,793)	-	(83,139,242)
Right to use equipment	(465,935)	(255,583)	-	(721,518)
Total Accumulated Depreciation/Amortization	(78,504,194)	(9,518,030)	48,481	(87,973,743)
Total Capital Assets, Being Depreciated/Amortized, Net	349,472,654	14,905,708	3,986,749	368,365,111
Business-Type Activities Capital Assets, Net	\$ 459,285,939	\$ 44,153,788	\$ -	\$ 503,439,727

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Capital Assets (continued)

Depreciation

Depreciation/Amortization expense was charged to functions/programs of the City as follows:

	Depreciation/ Amortization Expense
Primary Government	
Governmental activities:	
General government	\$ 601,314
Public safety	2,909,117
Public works	15,246,425
Parks and recreation	1,978,116
Total Governmental activities	<u>20,734,972</u>
Business-type activities:	
Utility	9,189,844
Golf course	328,186
Total Business-type activities:	<u>9,518,030</u>
Total Primary Government	<u>\$ 30,253,002</u>

Net investment in capital assets at September 30, 2025 is calculated as follows:

	Governmental Activities	Business-type Activities
Capital Assets, net	\$ 624,079,425	\$ 503,439,727
Less:		
Bonds payable	(232,606,000)	(82,845,000)
Premiums on bonds	(15,027,283)	(9,863,386)
Capital related liabilities	(605,913)	(432,974)
Deferred charges on refunding	(1,885,131)	458,733
Plus:		
Unspent bond proceeds	179,796,342	16,624,256
Net Investment in Capital Assets	<u>\$ 553,751,440</u>	<u>\$ 427,381,356</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Capital Assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2025. At year end, the City had the following significant commitments with contractors:

Projects	Construction Commitment	Spent to Date	Remaining Commitment
Governmental Funds:			
Raider Way & E. Woodview Roadway Reconstruction	\$ 15,807,041	\$ 15,807,041	\$ -
Senior Center	8,650,173	7,357,158	1,293,015
Reclaimed Water Line Improvements	7,811,015	6,501,403	1,309,612
Fire Station #2	2,007,103	1,843,023	164,080
	34,275,332	31,508,625	2,766,707
Enterprise Funds:			
Sandy Creek Water Treatment Plant Improvements	\$ 21,946,273	\$ 18,304,114	3,642,159
San Gabriel Pkwy Elevated Storage Tank	8,281,008	7,449,079	831,929
Lakeline Blvd Waterlines	1,939,269	1,939,269	-
Lift Station Improvements	5,470,726	5,330,760	139,966
RM 2243 Master Lift Station	7,629,408	3,634,583	3,994,825
San Gabriel Parkway Phase 2 road construction	6,912,964	698,726	6,214,238
San Gabriel Parkway Right Turn Lane onto Hwy 183	387,669	76,504	311,165
Traffic Signal at Bagdad Road and Collaborative Way	1,426,001	1,326,668	99,333
Traffic Signal at Journey Parkway and CR 175	460,901	416,501	44,400
Fire Training Building Conversion to Liquid Propane Gas	121,340	121,340	-
Advanced Metering Infrastructure (AMI)	9,106,696	1,913,092	7,193,604
Bagdad Terminus GST, Pump Station, and Water Lines	20,024,463	5,240,867	14,783,596
Falcon Oaks wastewater and water line	4,796,717	4,796,717	-
East Street Utilities	777,146	732,757	44,389
	89,280,581	51,980,977	37,299,604
Total Commitments	\$ 123,555,913	\$ 83,489,602	\$ 40,066,311

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 101,515,000	\$ 124,880,000	\$ (14,400,000)	\$ 211,995,000	\$ 10,545,000
Special assessment revenue bonds	21,185,000	-	(574,000)	20,611,000	582,000
Premium on bonds	7,564,744	8,363,179	(791,163)	15,136,760	-
Discount on bonds	(114,436)	-	4,959	(109,477)	-
Leases payable	533,915	-	(204,479)	329,436	228,573
SBITA liability	616,057	-	(339,580)	276,477	156,321
Compensated absences	2,082,102	891,677	-	2,973,779	743,445
Governmental Activity					
Long-term liabilities	\$ 133,382,382	\$ 134,134,856	\$ (16,304,263)	\$ 251,212,975	\$ 12,255,339
Business-Type Activities:					
Revenue bonds	\$ 87,070,000	\$ -	\$ (4,225,000)	\$ 82,845,000	\$ 4,595,000
Notes payable	5,406,137	-	(607,955)	4,798,182	626,193
Leases payable	636,370	-	(203,396)	432,974	206,333
Premium on bonds	10,560,365	-	(696,979)	9,863,386	-
Compensated absences	171,783	73,568	-	245,351	61,337
Business-Type Activity					
Long-term liabilities	103,844,655	73,568	(5,733,330)	98,184,893	5,488,863
Total Primary Government	\$ 237,227,037	\$ 134,208,424	\$ (22,037,593)	\$ 349,397,868	\$ 17,744,202

For the governmental activities, the General Fund generally liquidates compensated absences and the Debt Service Fund liquidates leases payable and SBITA liability.

Certain obligations that were marketed as private placements have been separately identified; however, the terms of those obligations do not differ significantly from other obligations and do not have substantive acceleration clauses. Should the City default on any of its bonds, certificates, reimbursement obligations, or notes, any registered holder of the obligations is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make payment.

In the current year, the City issued \$124,880,000 in Combination Tax and Revenue Certificates of Obligation, Series 2025. The proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations of the City to be incurred for City-wide water and wastewater utility system improvements, and the acquisition of rights-of-way and easements thereof. The Certificates carry an interest rate of 5.00% and mature in 2055.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

The following schedule summarizes the terms of the City’s general obligation, revenue, and special assessment revenue bonds at September 30, 2025:

General Obligation Bonds	Original Issue Amount	Final Maturity	Interest Rates	Governmental Activities
Series 2016 General Obligation and Refunding Bonds	\$ 19,365,000	2037	2.00% - 4.00%	\$ 10,830,000
Series 2016 Combination Tax and Revenue Certificates of Obligation	16,965,000	2037	2.00% - 4.00%	11,550,000
Series 2018 General Obligation Refunding Bonds	10,555,000	2030	3.00% - 5.00%	1,655,000
Series 2018 General Obligation Bonds	25,675,000	2038	3.00% - 5.00%	19,820,000
Series 2018A Combination Tax & Revenue Certificates of Obligation	14,365,000	2038	3.00% - 5.00%	11,000,000
Series 2018B Combination Tax & Revenue Certificates of Obligation	6,125,000	2038	3.00% - 5.00%	4,710,000
Series 2020 General Obligation Refunding Bonds	46,010,000	2027	4.00% - 5.00%	3,275,000
Series 2022A Combination Tax & Revenue Certificates of Obligations	19,485,000	2038	5.00%	4,075,000
Series 2024A Combination & Tax Revenue Certificates of Obligation	9,525,000	2044	5.00%	7,020,000
Series 2024 General Obligation Refunding Bonds	14,305,000	2035	5.00%	13,180,000
Series 2025 Combination & Tax Revenue Certificates	124,880,000	2055	5.00%	124,880,000
Total General Obligation Bonds				\$ 211,995,000
Special Assessment Revenue Bonds				
Series 2017 Special Assessment Revenue	\$ 2,535,000	2047	5.13% - 5.36%	\$ 2,201,420
Series 2017 Special Assessment Revenue	8,650,000	2047	4.13% - 5.00%	7,325,000
Series 2018 Special Assessment Revenue	5,475,000	2048	4.50% - 5.30%	4,725,000
Series 2020 Special Assessment Revenue	4,650,000	2044	5.00%	3,915,000
Series 2022 Special Assessment Revenue	2,030,000	2047	4.50% - 5.00%	1,902,120
Series 2022 Special Assessment Revenue	577,000	2047	4.50% - 5.00%	542,460
Total Special Assessment Revenue Bonds				20,611,000
				\$ 232,606,000
Revenue Debt	Original Issue Amount	Final Maturity	Interest Rates	Business-Type Activities
Series 2020 General Obligation Refunding Bonds	\$ 46,010,000	2036	4.00% - 5.00%	\$ 18,235,000
Series 2021 Combination Tax and Revenue Certificates of Obligation	20,615,000	2040	2.00% - 4.00%	16,780,000
Series 2022B Combination Tax and Revenue Certificates of Obligation	29,605,000	2042	4.00% - 5.00%	27,000,000
Series 2024B Combination Tax and Revenue Certificates of Obligation	21,320,000	2044	5.00%	20,830,000
Total Revenue Bonds				\$ 82,845,000

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

Annual debt service requirements for the City’s bonds and revenue bonds are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 11,127,000	\$ 10,189,314	\$ 4,595,000	\$ 3,639,250	\$ 29,550,564
2027	10,165,000	10,440,646	4,815,000	3,418,150	28,838,796
2028	11,793,000	9,957,073	4,335,000	3,186,400	29,271,473
2029	13,257,000	9,416,275	4,555,000	2,979,050	30,207,325
2030	14,855,000	8,788,464	4,765,000	2,761,050	31,169,514
2031-2035	44,455,000	36,634,729	26,290,000	10,383,050	117,762,779
2036-2040	33,233,000	27,653,629	23,085,000	5,128,750	89,100,379
2041-2045	28,538,555	20,649,045	10,405,000	1,041,750	60,634,350
2046-2050	30,028,000	13,258,024	-	-	43,286,024
2051-2055	35,154,445	5,440,000	-	-	40,594,445
	<u>\$ 232,606,000</u>	<u>\$ 152,427,199</u>	<u>\$ 82,845,000</u>	<u>\$ 32,537,450</u>	<u>\$ 500,415,649</u>

Note Payable

The City joined the Brushy Creek Regional Wastewater System in 2010. The cities of Austin, Cedar Park, and Round Rock, Texas have agreed to convey to the City of Leander the reserved capacity in the system for \$10,800,000. The City shall pay the required payment in annual installments over a period of 22 years with the first installment to occur on January 31, 2014. The interest that accrued prior to the first payment will be included as principal and paid in accordance with the following maturity schedule.

Fiscal Year	Principal	Interest	Total
2026	\$ 626,193	\$ 143,945	\$ 770,138
2027	644,979	125,160	770,139
2028	664,328	105,810	770,138
2029	684,258	85,880	770,138
2030	704,786	65,353	770,139
2031-2032	1,473,638	66,640	1,540,278
	<u>\$ 4,798,182</u>	<u>\$ 592,788</u>	<u>\$ 5,390,970</u>

Leases Payable

A summary of leases payable as of September 30, 2025, are as follows for governmental and business-type activities:

	Interest Rate	Initial Year of Lease	Amount of Initial Liability	Interest Current Year	Amount Outstanding 9/30/2025	Amounts Due Within One Year
Governmental Activities:						
Building	4.50%	2022	\$ 963,331	\$ 19,922	\$ 329,436	\$ 228,573
Total Governmental Activities				<u>\$ 19,922</u>	<u>\$ 329,436</u>	<u>\$ 228,573</u>
Business-Type Activities						
Equipment	4.00% - 5.25%	2019	\$ 327,325	\$ 66	\$ -	\$ -
Equipment	4.20% - 5.25%	2022	\$ 379,513	15,849	107,734	99,309
Equipment	4.50%	2024	\$ 438,232	17,147	325,240	107,024
Total Business-Type Activities				<u>\$ 33,062</u>	<u>\$ 432,974</u>	<u>\$ 206,333</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Long-term Debt (continued)

Leases Payable (continued)

Annual debt service requirements for the City’s leases are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 228,573	\$ 10,227	\$ 206,333	\$ 25,078	\$ 470,211
2027	100,863	1,138	120,367	8,433	230,801
2028	-	-	106,274	2,390	108,664
	<u>\$ 329,436</u>	<u>\$ 11,365</u>	<u>\$ 432,974</u>	<u>\$ 35,901</u>	<u>\$ 809,676</u>

SBITA Liability

The City is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of September 30, 2025, are as follows:

	Interest Rate	Initial Year of Arrangement	Amount of Initial Liability	Interest Current Year	Amount Outstanding 9/30/2025	Amounts Due Within One Year
Governmental Activities:						
Various agreements	4.50%	2022	\$ 1,348,095	\$ 20,069	\$ 276,477	\$ 156,321
Total Governmental Activities				<u>\$ 20,069</u>	<u>\$ 276,477</u>	<u>\$ 156,321</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

Annual debt service requirements for the City’s SBITA liabilities are as follows:

Fiscal Year	Principal	Interest
2026	\$ 156,321	\$ 9,205
2027	120,156	2,264
	<u>\$ 276,477</u>	<u>\$ 11,469</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7. Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2025, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Total</u>
Primary Government			
Governmental Activities:			
General fund	\$ 2,500,000	\$ (5,888,405)	\$ (3,388,405)
Capital projects fund	9,144,460	(250,000)	8,894,460
Debt service fund	1,102,250	-	1,102,250
Nonmajor governmental funds	224,801	(4,333,106)	(4,108,305)
Total Governmental Activities	<u>12,971,511</u>	<u>(10,471,511)</u>	<u>2,500,000</u>
Business-Type Activities:			
Utility fund	-	(1,500,000)	(1,500,000)
Golf fund	-	(1,000,000)	(1,000,000)
Total Business-Type Activities	<u>-</u>	<u>(2,500,000)</u>	<u>(2,500,000)</u>
Total Primary Government	<u>\$ 12,971,511</u>	<u>\$ (12,971,511)</u>	<u>\$ -</u>

<u>Transfer In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Utility Fund	\$ 1,500,000	Administrative Overhead
General Fund	Golf Fund	1,000,000	City projects allocated to Golf Fund
Capital Projects Fund	General Fund	5,913,604	Fund Capital Projects
Capital Projects Fund	NonMajor Funds	3,230,856	Economic Development Incentive Agreements
Debt Service Fund	NonMajor Funds	1,102,250	Economic Development Incentive Agreements
NonMajor Funds	General Fund	224,801	Public Arts Fund & Economic Development Incentive Agreements
		<u>\$ 12,971,511</u>	

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 936 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	Vested at age 60 or 20 years at any age
Updated Service Credit:	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI; Repeating
Supplement death benefit – active Employees and retirees	Yes

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	230
Active employees	<u>437</u>
Total	<u>782</u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.00% and 12.00% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were 4,673,216 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	21 years
Asset valuation method:	10 year smoothed market; 12% soft corridor
Inflation:	2.50%
Overall payroll growth:	3.60% to 11.85% including inflation
Investment rate of return:	6.75%

Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Mortality Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

These actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage. The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public and Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/2023	\$ 75,441,973	\$ 64,857,804	\$ 10,584,169
Changes for the Year:			
Service Cost	5,952,278	-	5,952,278
Interest (on the Total Pension Liability)	5,232,211	-	5,232,211
Difference between expected and actual experience	469,872	-	469,872
Changes in assumptions benefit payments, including refunds of employee contributions	(1,807,756)	(1,807,756)	-
Contributions – employer	-	4,130,379	(4,130,379)
Contributions – employee	-	2,414,996	(2,414,996)
Net investment income	-	6,785,084	(6,785,084)
Administrative Expense	-	(43,220)	43,220
Other	-	(1,011)	1,011
Balance at 12/31/2024	<u>\$ 85,288,578</u>	<u>\$ 76,336,276</u>	<u>\$ 8,952,302</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Single Rate Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 23,397,021	\$ 8,952,302	\$ (2,688,783)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the City recognized a pension expense of \$4,779,091.

At September 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual economic experience	\$ 1,436,481	\$ -
Changes in actuarial assumptions	34,308	(31,195)
Difference between projected and actual investment earnings	-	(1,041,276)
Contributions subsequent to the measurement date	3,685,913	-
Total	\$ 5,156,702	\$ (1,072,471)

The \$3,685,913 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2026	\$ 447,308
2027	895,770
2028	(686,172)
2029	(312,640)
2030	54,052
Thereafter	-
Total	\$ 398,318

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City's single-employer defined benefit group-term life insurance plan is operated by the Texas Municipal Retirement System (TMRS) via the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is another post-employment benefit (OPEB). As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership in the plan as of the measurement date of December 31, 2024 was as follows:

Inactive employees currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	62
Active employees	<u>437</u>
Total	<u>578</u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.21% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.08% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Actuarial Assumptions

The City’s total OPEB liability was measured at December 31, 2024 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date: December 31, 2024

Methods and Assumptions:

Inflation:	2.50% per annum
Salary Increases:	3.60% to 11.85%, including inflation
Discount rate	4.08%
Retirees’ share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees:	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

Changes in the Total OPEB Liability

Service cost	\$	51,490
Interest		22,550
Changes of benefit terms		-
Difference between expected and actual experience		(4,288)
Changes in assumptions or other inputs		(38,040)
Benefit payments		(10,298)
Net change in total OPEB liability		<u>21,414</u>
Total OPEB Liability - Beginning		<u>577,548</u>
Total OPEB Liability - Ending	\$	<u><u>598,962</u></u>

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.08%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	Current Discount Rate	
1% Decrease to 3.08%	Assumption 4.08%	1% Increase to 5.08%
\$	734,624	\$ 598,962
		\$ 495,560

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended September 30, 2025, the City recognized OPEB expense of \$67,127.

As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (18,753)
Changes in assumptions and other inputs	100,692	(225,646)
Contributions made subsequent to the measurement date	8,796	-
Total	\$ 109,488	\$ (244,399)

The \$8,796 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

	Net Deferred Outflows (Inflows) of Resources
2026	\$ (21,509)
2027	(22,044)
2028	(23,765)
2029	(36,133)
2030	(33,819)
Thereafter	(6,437)
Total	\$ (143,707)

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP)

Plan Description

The City offers its retired employees medical, dental, and vision insurance through a single-employer defined benefit OPEB plan, under City policy. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided

The City amended its OPEB plan on July 21, 2016. Prior to July 21, 2016, the retiree paid 70% of the COBRA medical contribution rate plus 100% of the dental rate for the coverage tier elected. The City paid the balance of the contribution. The amended plan includes the retiree paying 100% of the COBRA medical contribution, dental, and vision rates for the coverage tier elected.

All active employees who retire directly from the City and meet the eligibility criteria may participate. Eligibility criteria include retirement at the earlier of a) age 60 with at least 5 years of service or b) 20 years of service without regard to age and must be eligible to retire from TMRS. Retirees and their dependents are eligible for the City’s group medical policy until the employee becomes Medicare eligible. Upon reaching that eligibility, the retiree and dependents are no longer eligible for the City’s group medical policy.

Contributions

The City’s contributions to the OPEB for the year ended September 30, 2025 were zero, which equal benefit payments for retirees.

The number of employees currently covered by the benefit terms is as follows:

Active employees, employee only	261
Active employees, employees with dependent	<u>166</u>
Total	<u><u>427</u></u>

Actuarial Assumptions and Methods

Significant methods and assumptions were as follows:

Valuation Date: September 30, 2025

Methods and Assumptions:

Actuarial Cost Method:	Individual Entry-Age Normal Cost Method – Level Percentage of Projected Salary
Discount Rate:	4.06%
Inflation:	2.50%
Salary Increases:	4.00%
Data Assumptions Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 20% of all actives who currently have healthcare coverage will continue with coverage upon retirement. 10% of those with spouse coverage will continue with spouse coverage and the balance with individual coverage only.
Mortality:	RPH-2014 total Table with Projection MP-2021
Medical Trend Rates:	The medical trend rate was 4.50% as of September 30, 2025, which was the same as the prior year.

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

Actuarial Assumptions and Methods (continued)

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities.

The retiree healthcare benefits plan is does not have plan assets held in trust; therefore, it is an unfunded OPEB plan As such, a single discount rate of 4.06% was used to measure the Total OPEB Liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in S&P Municipal Bond 20 Year High Grade Rate Index as of September 30, 2025.

Changes in the Total OPEB Liability

Service cost	\$	56,291
Interest		24,791
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions		-
Benefit payments		-
Net change in total OPEB liability		<u>81,082</u>
Total OPEB Liability - Beginning		<u>554,320</u>
Total OPEB Liability - Ending	\$	<u><u>635,402</u></u>

The ending Total OPEB Liability was \$635,402 as of September 30, 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.06%) in measuring the total OPEB liability.

	Current Discount Rate	
	Assumption	1% Increase to
1% Decrease to 3.06%	4.06%	5.06%
\$ 564,098	\$ 635,402	\$ 716,321

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

	Current Healthcare	
	Cost Trend Rate	
1% Decrease	Assumption	1% Increase
\$ 543,254	\$ 635,402	\$ 747,383

CITY OF LEANDER, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$67,127.

As of September 30, 2025, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (86,738)
Changes assumptions	52,910	(69,828)
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 52,910</u>	<u>\$ (156,566)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2026	\$ (20,218)
2027	(30,794)
2028	(35,547)
2029	(16,562)
2030	(383)
Thereafter	(152)
Total	<u>\$ (103,656)</u>

Note 10. Commitments and Contingencies

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other claims of various natures. The City purchases insurance from Texas Municipal League Intergovernmental Risk Pool (TML-IRP) to indemnify it in the event of loss. The City pays annual premiums for such coverage. TML-IRP purchases reinsurance and the City does not retain risk of loss exceeding deductibles. The City has had no significant reduction in insurance coverage from the previous year and claims have not exceeded coverage in the last three years.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Water System Project

In March 1998, the City entered into a wholesale potable water service agreement with Brazos River Authority (“BRA”) and the Lower Colorado River Authority (“LCRA”), acting together as the Brazos- Colorado Water Alliance (“Alliance”), whereby the Alliance agreed to acquire, construct, extend, enlarge, improve, expand and replace the Water System as necessary to provide Leander on a wholesale basis potable water in an amount not to exceed 6,400 acre-feet annually. The maximum annual quantity (MAQ) has been amended twice, first in 2007 to 24,000 ac-ft and again in 2023 to 31,000 ac-ft.

In exchange for services provided by the Alliance, the City of Leander was unconditionally obligated to pay certain capital charges incurred by LCRA, regardless of whether or not the City takes and uses the water provided under this contract. These charges were considered operating expenses of the City’s water works and sanitary sewer systems, as LCRA and BRA intended to own and operate the Water System as capital improvements on behalf of the City.

In January 2012, the City purchased the Sandy Creek water treatment plant and related infrastructure from the LCRA. Consequently, the only charges paid by the City to the LCRA are for raw water, both that which is actually withdrawn and that which is remaining as stored under permit. Total charges paid in fiscal year 2025 to LCRA under this contract totaled \$3,724,420.

Brushy Creek Regional Wastewater System

In December 2009, the cities of Round Rock, Austin, and Cedar Park entered into a purchase agreement with the LCRA wherein they agreed to buy the Brushy Creek Wastewater System (“BCRWWS”) from the LCRA. The agreement outlined the proportional share that each city would purchase of the wastewater collection and treatment system. On December 8, 2009, the three cities purchased the BCRWWS assets and entered into a master contract for the financing, construction, ownership, and operation of the BCRWWS. The master contract provided for the terms and conditions by which the cities would jointly own and operate the BCRWWS.

In June 2010, the cities of Round Rock, Austin and Cedar Park sold a share of the BCRWWS assets for the collection system to the City of Leander, and all parties entered into the amended and restated master contract for the financing, construction, ownership, and operation of the Brushy Creek Regional Wastewater System. The joint venture agreement does not provide an explicit contractual formula outlining the City’s claim to assets. It is deemed to be a joint venture with no equity interest and, accordingly, no amounts are reported in the accompanying financial statements for equity interest.

The City has capitalized its portion of the cost related to the Brushy Creek Regional Wastewater System. In June 2010, the City purchased reserved capacity in the System components for \$10,800,000, which was financed with a note payable to mature in fiscal year 2032. In 2023, the City approved an amendment to the master contract which allowed the City to become a full ownership partner in the system. In September 2023 the City paid the partner cities \$2,905,341 per the amended master contract.

For the current fiscal year, Leander’s share of expenses for the operation of the regional facilities was \$1,069,669. By agreement of the parties, effective October 1, 2018, the City of Round Rock replaced the BRA as the system operator and each of the cities is billed relative to their system usage.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Brushy Creek Regional Wastewater System (continued)

On July 20, 2017, the City Council approved a cost-sharing agreement among the parties for the re-rating of and expansion to the Brushy Creek Regional Wastewater System East Plant. On October 18, 2018, this agreement was amended to reduce Leander's share of the expansion from 5.50 mgd to 4.23 mgd of the overall 10 mgd treatment capacity expansion (42.3%). On May 7, 2020, the City of Round Rock, as Project Administrator, entered into a construction contract with Thalle Construction in the amount of \$107,351,713. Leander's 42.3% share is \$45,409,775. In FY2020, the City contributed \$12,373,972 as its first 25% payment towards its expansion obligation. In FY2021, the City Council authorized Combination Tax and Revenue Certificates of Obligation, Series 2021 in the amount of \$20,615,000 to fund the second and third 25% payments. The total amount paid in FY2021 was \$23,507,885. On May 5, 2022, the City Council authorized issuance of Combination Tax and Revenue Certificates of Obligation, Series 2022B in the amount of \$19,485,000 to fund the fourth and final 25% payment for the expansion. Total amount paid in FY2022 was \$12,435,364. Additional payments of \$84,034 and \$19,275,181 were paid out in FY 2024 and FY 2025, using alternate finding source.

Travisso/Nameless Valley Ranch

In May 2012, the City entered into an agreement with a developer to construct specified municipal type infrastructure and the City will make periodic payments to rebate specific impact fees and ad valorem tax collected by the City to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. The terms of the payments are as follows:

- For fifteen (15) years from the date of the approval of the final plat of the initial project phase, the developer will receive a rebate of 60% of the water impact fees paid to the City for water connections made within the property.
- For twenty (20) years from the date of the approval of the final plat of the initial project phase, the developer will receive a rebate of 100% of the wastewater impact fee paid to the City for wastewater connections made within the property and the Jonestown wastewater impact fees paid to the City for wastewater connections made within the Jonestown wastewater extension.
- The developer will receive a portion of the total ad valorem tax collected by the City each year during the tax rebate period on the property produced by the levy of a rate equal to \$.2371 per \$100 of assessed valuation. The tax rebate period is for tax years 2014 through 2039.

In July 2012, the developer assigned the rights to the agreement to the Travis County Municipal Utility Districts (MUD) #19, #20 and #21 upon their creation and approval by the Texas Commission on Environmental Quality (TCEQ). By agreement, each MUD has a maximum bond limit of \$74,182,000, \$88,113,000 and \$56,717,000, respectively. The tax rebate period shall end on the earlier of: a) December 31st twenty-five (25) years after the date of issuance of the last series of District Bonds (excluding refunding bonds) or, b) the date that the sum of the tax rebate payments equals the reimbursable costs. At fiscal year-end, the City paid out a total of \$735,650 in water and wastewater impact fee rebates, and \$3,578,245 in property tax rebates for this agreement.

Parkway Crossing

In July 2015, the City entered into an agreement with a developer to construct specified municipal type infrastructure and the City will make periodic payments to rebate specific impact fees. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of a project:

- For ten (10) years following the effective date of the contract, the Developer will receive sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- For ten (10) years following the effective date of the contract, the Developer will receive sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year-end, the City paid out \$0 in water and wastewater impact fee rebates for this agreement.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Crescent/Bryson (MUD) TIRZ Development Agreement

In December 2013, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees, drainage revenue and ad valorem tax collected by the City to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of a project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fee paid to the City for wastewater connections made within the designated area.
- Drainage revenues collected by the City within the designated area.
- Eighty percent (80%) of the property tax increment receipts from the subject property and two and half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRS outside the subject property referenced in the agreement.

In December 2013, the developer assigned the rights to the agreement to the Leander TODD Municipal Utility District (MUD) #1 of Williamson County. It is estimated that the MUD's construction costs will be \$101 million.

In January 2019, the City fulfilled its obligation from the water fund per the amended agreement and fulfilled its wastewater obligation in June 2024. At fiscal year-end, the City paid out \$0 in wastewater impact fee rebates and \$0 in property tax rebates for this agreement.

Lively Tract

Executed April 29, 2015, the City of Leander approved an Agreement Regarding Consent to Creation of Municipal Utility District and Development of the Lively Tract. The West Williamson County Municipal Utility District No. 2 encompasses approximately 437.05 acres. The Developer is required to extend a waterline from the Lively Tract westerly along State Highway 29 to connect to the Leander water system. The waterline consists of two segments. Segment One is to be constructed and paid for by the District. Segment Two will be constructed by the Developer but funded by the City of Leander. A third segment known as the Kauffman Loop Extension may also be built. If the Developer builds the Kauffman Loop Extension, the Developer shall be entitled to be reimbursed by the City of Leander from water impact fees collected from future connections to the waterline.

As of fiscal year end, the City has paid \$0 to the Developer.

Devine Lake Development Agreement

In July 2016, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for the Phase 2 and 3 wastewater projects.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Greatwood South Development Agreement

In December 2020, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

Edgewood Development Agreement

In March 2022, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate specific impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- Sixty percent (60%) of the water impact fees paid to the City for water connections made within the designated area.
- Sixty percent (60%) of the wastewater impact fees paid to the City for wastewater connections made within the designated area.

At fiscal year end, the City paid out \$0 in water impact fees to fulfill the obligation for water projects and \$0 in wastewater impact fees. This agreement may have additional payout obligations as future phases are completed.

Blockhouse Creek Farm

In February 2022, the City entered into an agreement with a developer to construct specified municipal-type infrastructure required by the City's Subdivision Ordinance. The developer will be reimbursed for 50% of the actual costs for the construction and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to reimburse the developer for following the projects completion and ROW dedication to the City.

At fiscal year end, the City paid out \$0 to fulfill the obligation as the project is still ongoing.

Hilltop Ranch Development Agreement

In March 2023, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Leander Estates Development Agreement

In May 2024, the City entered into an agreement with a developer to construct specified municipal-type infrastructure and the City will make periodic payments to rebate water impact fees to the developer. The rebate is not to exceed the developer's reimbursable cost and is contingent on the developer's performance of the agreement. In accordance with the agreement, the City is to set aside funds from the following revenues to make payments to the developer upon completion of the project:

- One hundred percent (100%) of the water impact fees paid to the City for water connections made within the designated area.

At fiscal year end, the City paid out \$0 to fulfill the obligation for water projects. This agreement may have additional payout obligations as future phases are completed.

RB 270

The Tax Increment Reinvestment Zone #1 (the "Zone") was established by the City in September 2006. It is located within the City limits and the area is substantially the same as the Transit Oriented Development District. Created under State law, the Zone is to promote private economic development of an area by investing in public infrastructure. The improvements will significantly enhance the value of all the taxable real property in the Zone and will be of general benefit to the City.

The base taxable assessed value of real property within the TIRZ is established when the TIRZ is created. Any incremental growth in the taxable assessed value of real property over the base is considered a "tax increment". Taxing jurisdictions within the Zone have the option of contributing all or portions of tax collections attributed to the tax increment to the City for use in financing the public infrastructure improvements. The City has entered into tax participation agreement with Williamson County, which obligates both entities to contribute fifty percent (50%) of property taxes collected on the tax increment ("TIRZ revenues") to the TIRZ fund.

The TIRZ and RB 270 Partnership, entered into an agreement for the TIRZ to reimburse certain developer expenses (\$278,570) required to construct and widen County Road 269 just east of Toll 183A to US Hwy 183. The agreement has been amended twice to include an additional \$291,342 contributed by the developer to facilitate funding of a segment of County Road 273 between FM 2243 and San Gabriel Parkway. The reimbursable amount is \$569,912. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year. The amount payable to the developer each year or set aside in an escrow account is eighty percent (80%) of the property tax increment receipts from the subject property and two and a half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRZ outside the subject property referenced in the agreement. In 2018, RB 270 assigned a 37.08% interest in its future reimbursements to AREA Leander 1, LP (developer of the Northline Project). In February 2019, RB270 sold 17.31 acres to PAG West LLC to build an auto dealership and assigned 15.39% of its rebate. At fiscal year-end, the City has paid the developer and his partial assignee \$0, fulfilling the City's obligation to the developer.

Transit Village

The TIRZ and Transit Village Investments, Ltd., entered into an agreement for the TIRZ to reimburse certain developer expenses (\$619,330) required to construct and widen County Road 269 just east of Toll 183A to US Hwy 183. The agreement has been amended twice to include an additional \$577,722 contributed by the developer to facilitate funding of a segment of County Road 273 between FM 2243 and San Gabriel Parkway. An additional agreement was entered into in 2016 to include \$372,131 for enhancements at the Village of Leander Station development. The combined reimbursable amount is \$1,569,183. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Transit Village (continued)

The amount payable to the developer each year (or set aside in an escrow account) is eighty percent (80%) of the property tax increment receipts from the subject property and two and a half percent (2.5%) of the tax increment receipts that result from assessments and taxes collected on the remainder of all real property within the TIRZ outside of the subject property referenced in the agreement. At fiscal year-end, the City paid the developer's assignee \$0.

Oak Creek TIRZ Development Agreement

In October 2014, the City entered into an agreement with the Leander Development Authority, Sentinel/Cotter Leander, LLC, and Reinvestment Zone Number One. Under the terms of the agreement, the developer is to construct specified municipal-type infrastructure. Contingent on the developer complying with the agreement, a portion of the TIRZ revenues are payable to the developer each year. The amount payable to the developer each year or set aside in an escrow account is eighty percent (80%) of the property tax increment receipts from the subject property. The maximum allowed for approved projects is \$4,189,115. At fiscal year-end, the City has paid out \$692,644, the remaining payout for this agreement.

The Triangle (TIRZ)

On August 16, 2018 the City Council approved a reimbursement agreement between the Leander Tax Increment Reinvestment Zone No. 1 and Bruce Nakfoor ("developer") that provides for the developer to be reimbursed for infrastructure improvements for the Triangle project from the TIRZ. The total approved amount of eligible projects in the reimbursement agreement is \$468,150. At fiscal year-end, the City paid \$47,371 per this agreement. The maximum remaining payout for this agreement is \$316,194.

Northline

On June 7, 2018, the City Council approved a development agreement with AREA Leander 1, LP which authorized up to \$15,000,000 in certain infrastructure costs for the Northline project to be funded by the City through certificate of obligation bonds and set forth the terms and conditions under which the City would participate. The Development Agreement also provides for water and wastewater impact fee and certain permit fees to be rebated to the Developer for completion of eligible infrastructure. On August 16, 2018, the City Council approved a Reimbursement Agreement with the Leander Tax Increment Reinvestment Zone No. 1 to reimburse the City its debt service related to the Northline Project Costs. On October 4, 2018, the City Council approved issuance of Combination Tax and Revenue Certificates of Obligation, Series 2018A in the amount of \$14,365,000 for the Northline Project. Construction of the infrastructure improvements commenced in March 2020. The roads and drainage portion of the project were completed in FY2022. The construction start date for the park is to be determined.

On August 16, 2018, the City Council approved a reimbursement agreement between the Leander Tax Increment Reinvestment Zone No. 1 and AREA Leander 1, LP that provides for the developer to be reimbursed for infrastructure improvements for the Northline project from the TIRZ. The total amount of eligible projects in the reimbursement agreement was \$12,509,000. On July 12, 2021, the TIRZ Board approved a request to increase the maximum reimbursement amount to \$27,250,000. On August 5, 2021, the City Council approved the amendment. The Developer's TIRZ Reimbursements are subordinate to any TIRZ reimbursements the City receives to pay for its debt service on the certificates of obligation the City issued for infrastructure within the Northline development.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Northline (continued)

On June 7, 2018, the City Council approved the Development Agreement for the Northline PUD which provides, in part, that the Developer is entitled to rebate of certain permitting fees contingent upon the performance of developer obligations in the agreement. Any rebates paid will reduce the maximum amount owed by the TIRZ. The City is to escrow fees paid by the Developer that are eligible to rebate. At fiscal year-end, the City paid out \$0 of Water Impact Fee rebates, \$0 of Wastewater Impact Fee rebates, and \$1,226,932 of Permit Fees have been escrowed.

City of Leander Northline TIRZ Development Agreement

In August 2018, the TIRZ #1 approved a reimbursement agreement with the City of Leander for the construction of public improvements within the Northline Development. The amount to be reimbursed is the City's annual debt service associated with the debt issued to finance the improvements. The TIRZ #1 will pay the City thirty-five (35%) of the balance remaining in the Tax Increment Fund for that year after payments for "Priority" TIRZ Reimbursements have been paid. "Priority Reimbursements" are those commitments existing before the City's Reimbursement Agreement and the County's San Gabriel Parkway Reimbursement Agreement. At fiscal year-end, the TIRZ paid \$4,333,106 to the City per this agreement.

Williamson County San Gabriel Parkway TIRZ Development Agreement

In June 2019, the TIRZ #1 approved a reimbursement agreement with Williamson County for the prior construction of San Gabriel Parkway by the County from US Hwy 183 to its intersection with the western boundary of TIRZ #1, located within the TIRZ #1. The total amount of the reimbursement is \$4,700,000 to be paid as follows. The TIRZ #1 will pay the County sixty-five (65%) of the balance remaining in the Tax Increment Fund for that year after payments for "Priority" TIRZ Reimbursements have been paid. "Priority Reimbursements" are those commitments existing before the County Reimbursement Agreement. Final payment paid in fiscal year ended 2024.

St. David's Medical Complex (TIRZ)

On November 29, 2016 the Leander Tax Increment Reinvestment Zone No. 1 approved the Leander Medical Complex Development and Reimbursement Agreement which provided for certain infrastructure costs to be reimbursed. On August 16, 2018, an amended agreement was ratified by the Leander City Council. The maximum reimbursement (representing the combined TIRZ and Chapter 380 agreement payments) amount was reduced to \$1,918,375. At fiscal year-end, the City paid out \$78,985 in TIRZ rebates. The maximum remaining payout for this agreement is \$1,480,026.

St. David's Medical Complex (City 380 Agreement)

On November 21, 2016, the City Council approved an Economic Development Incentive Agreement with Galen Healthcare, LLC, the manager of St. David's Healthcare Partnership, L.P., LLP encompassing a three-phased medical complex - free-standing emergency department; medical office building; and a hospital. The incentives offered by the City are performance based and include fee rebates, waivers and property tax rebates. At fiscal year-end, the City has paid \$43,740 in rebates to the developer per this agreement.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Liberty Civil (City 380 Agreement)

On January 17, 2019, the City Council approved an Economic Development Incentive Agreement with Liberty Civil Construction, LLC and Prelude Ventures, LLC, encompassing the development and construction of a shop facility that will employ at least 150 full time employees. The developer will also construct the Utility Extension Project and will relocate all equipment associated with the Business to the property so that the City will receive the revenues from business personal property taxes on said equipment. The incentives offered by the City are performance based and include:

- One hundred percent (100%) of the ad valorem taxes collected and received by the City on the Added Taxable Value to the property for the first 5 years
- Up to \$750,000 in infrastructure reimbursements related to the Utility Extension Project.

In October 2021, the City fulfilled its obligation to fund the \$750,000 infrastructure grant for the Utility Extension Project. At fiscal year-end, the City paid \$0 in ad valorem taxes rebated.

Lone Star Tangible Assets, LP (City 380 Agreement)

On November 2, 2017, the City Council approved an Economic Development Incentive Agreement with the Lone Star Tangible Assets, LP, encompassing the development of a facility that will result in a taxable value of the Property, Real Property Improvements and Business Personal Property on the property of at least \$10,000,300. The incentives offered by the City are performance based and include:

- Property Tax and Personal Property Tax Rebates – Annual Rebates to begin after the Real Property Improvements on the property are constructed, a certificate of occupancy is issued for the facility, and the company begins business operations.
 - First Seven (7) Years: One hundred percent (100%) of the annual amount of the Real Property Taxes and Business Personal Property Taxes received by the City from the Business Personal Property, Property and the Real Property Improvements.
 - Three (3) Years Thereafter: Fifty percent (50%) of the annual amount of the Real Property Taxes and Business Personal Property Taxes received by the City from the Business Personal Property, Property and the Real Property Improvements.
- Infrastructure Grant – The City shall pay up to \$1.5 million for construction of roadways, the extension and installation of utility infrastructure, other site improvements that add to the taxable value of the premises.
- Supplemental Grant – The City shall pay \$600,000 from currently available City funds to be payable in six (6) annual grants equal to \$100,000 per year.

On April 27, 2020, the City fulfilled the last payment to fund the \$1.5 million Infrastructure Grant. At fiscal year-end, the City paid \$156,206 in real and personal property tax rebates.

Cookie Hotels, LLC (City 380 Agreement)

On June 12, 2019, the City Council approved an Economic Development Incentive Agreement with Cookie Hotels, LLC, to enhance and promote tourism and the convention and hotel industry as permitted by Chapter 351 of the Texas Tax Code.

Subject to performance the grantee is eligible to receive an annual grant from the City's hotel tax fund of an amount equal to 50% of increased added value of real and business personal property taxes for five years and 25% of increased added value of real and business personal property taxes for three additional years. In FY 2025, the City paid \$14,189.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

Highland Homes (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Highland Homes Austin, LLC. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Toll Brothers (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Toll Bros., Inc. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Pulte Homes (City 380 Agreement)

Effective November 1, 2015, the City Council approved an Economic Development Incentive Agreement with Pulte Homes of Texas, L.P. The grantee will receive an incentive payment equal to 60% of local sales taxes paid to the City of Leander annually for ten years. In FY 2025, the City paid \$0.

Prism Electric (City 380 Agreement)

Effective January 19, 2021, the City Council approved an Economic Development Incentive Agreement with Prism Electric, Inc. The company is required to construct a minimum of 10,000 square foot facility on the property located at 1503 Leander Drive, within which the company will operate an electrical contracting business and employ at least 30 employees.

The economic incentive provided to the company under this agreement is a fifty percent (50%) reduction in roadway adequacy fees associated with the construction of the facility, totaling an amount of \$20,763. The grant will take the form of credit in the amount of the grant amount, which will be applied to the roadway adequacy fees related to the project. The company shall complete the construction of the facility and obtain a certificate of occupancy for the facility by December 31, 2021. At fiscal year end, the City paid \$0 per this agreement.

SSM BBQ LEA, LLC (City 380 Agreement)

Effective December 15, 2022, The City Council approved an Economic Development Incentive Agreement with SSM BBQ LEA, LLC. In exchange for the Company's compliance with the gross sales and employment terms of the agreement, the grantee will receive an incentive payment equal to 35% of local sales taxes paid to the City of Leander annually for ten years, until maximum grant award of \$154,000. In FY 2025, the City paid \$0.

Home Depot, U.S.A., Inc (City 380 Agreement)

Effective June 15, 2023, the City Council approved an Economic Development Incentive Agreement with Home Depot U.S.A., Inc. The Company is required to obtain a Certificate of Occupancy by September 2025 and install and construct \$11 Million in Real Property Improvements to be eligible for the grant, up to \$2.5 Million, for reimbursement for the cost of the Eligible Infrastructure Improvements. In FY 2025, the City paid \$0.

Titan Leander Land Investors, LLC (City 380 Agreement)

Effective March 21, 2024, the City Council approved an Economic Development Incentive Agreement with Titan Leander Land Investors, LLC, encompassing the phased development and construction of Industrial buildings that will result in a taxable value of the Property, Real Property Improvements and Business Personal Property on the property of at least \$84,000,000. The developers will also construct specified roadway improvements to CR 270 to be eligible for the grant. The incentives offered by the City are performance based to be eligible for reimbursement for the cost of the specified roadway improvements. In 2025, the City paid \$0.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 11. Tax Abatements

The City of Leander negotiates what the City refers to as TIRZ Reimbursement Agreements with persons who develop property within the City of Leander Tax Increment Reinvestment Zone No. 1 (the "TIRZ"). The TIRZ is governed by a Board that includes a representative from Williamson County because the County is a participant in the TIRZ. The TIRZ also operates through the Leander Development Authority, Inc. (the "LDA"), whose board is comprised of the same members as the TIRZ Board. The TIRZ was created and the Reimbursement Agreements are entered pursuant to Chapter 311, Texas Tax Code. Under the TIRZ, fifty percent of both City and Williamson County property tax revenues that come from taxing the captured appraised value of the property within the TIRZ are deposited into the TIRZ Fund held by the City. The funds are used to pay for public improvement projects and administrative expenses that are set forth in the TIRZ project plan. The TIRZ Reimbursement Agreements entered with developers from time to time require the developer to construct certain public improvements that are eligible to be paid for from the TIRZ Fund, and further provide for the developer to be paid over time for the cost of constructing such improvements from the property tax revenues received by the City on a percentage of the captured appraised value on developer's property.

(A few agreements also allow the developer to receive a small percentage of the property taxes on all property within the TIRZ boundaries.) TIRZ revenues are not paid until the public improvements are completed and accepted by the City and the cost of constructing the public improvements (which would be the TIRZ reimbursement amount) are verified by the City Engineer.

The purpose and provisions of each agreement are described in detail in the Outstanding Commitments section above. For fiscal year 2025, the city rebated \$1,197,941 in property taxes for TIRZ projects.

Chapter 380 Economic Development Agreements

Chapter 380, Texas Local Government Code authorizes the City to grant public funds to promote economic development and to stimulate commercial and business activity in the City. The City has adopted two economic development programs – a general economic development program and an economic development program applicable to the development to the area known as Old Town. Some of the agreements provide for rebates of property taxes received on the property in exchange for certain performance measures being met. In those agreements, if the performance measure is met, the rebate is paid. If the performance measure is not met, the payment is not made. Other agreements provide for the City to participate in paying or constructing public utilities. Other agreements provide for a grant of funds which must be repaid if certain performance measures are not met.

The purpose and provisions of each agreement are described in detail in the Outstanding Commitments section above. For fiscal year 2024, the city rebated \$214,135 in property taxes for 380 development projects.

Other

The City is a party to three Facilities Agreements with Travis County Municipal Utility District No. 19, No. 20, and No. 21, respectively, to rebate a portion of property taxes received by the City on property within the municipal utilities' district boundaries to pay for the construction of public improvements that are to be constructed and conveyed to the City for ownership, maintenance, and operation. For fiscal year 2025, the city rebated \$3,578,245 in Property Taxes per these Facilities Agreements.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture

The City entered into a partnership with the cities of Round Rock and Cedar Park and formed Brushy Creek Regional Utility Authority (BCRUA). The BCRUA has the responsibility to provide reliable, cost effective sources of water. The City accounts for this partnership as a joint venture. Condensed financial statements for BCRUA are shown below. Financial statements may be obtained at the BCRUA, 221 East Main Street, Round Rock, Texas, 78664.

**Statement of Net Position
As of September 30, 2025**

	<u>Total</u>	<u>City's Interest</u>
Assets		
Cash and cash equivalents	\$ 4,078,156	\$ 1,301,033
Accounts receivable	1,141,612	629,905
Restricted investments	153,799,892	60,458,641
Capital assets	353,608,375	161,192,084
Total Assets	<u>512,628,035</u>	<u>223,581,663</u>
Deferred Outflows of Resources	<u>9,589,145</u>	<u>4,371,660</u>
Liabilities		
Accounts payable	5,906,271	2,833,705
Retainage payable	7,746,257	3,358,465
Due to partner cities	1,820,425	90
Accrued bond interest payable	1,928,832	896,455
Premiums	4,558,783	1,931,114
Bonds payable	389,745,000	178,460,000
Total Liabilities	<u>411,705,568</u>	<u>187,479,829</u>
Net Position	<u>\$ 110,511,612</u>	<u>\$ 40,473,494</u>

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30, 2025**

	<u>Total</u>	<u>City's Interest</u>
Operating revenues	\$ 5,768,861	\$ 3,513,923
Interest expense	(11,684,702)	(5,501,198)
Other operating expenses	(15,756,807)	(8,335,601)
Other income (expense)	10,339,330	3,903,145
Change in Net Position	<u>(11,333,318)</u>	<u>(6,419,731)</u>
Net position, October 1, 2024	88,587,268	33,431,777
Contributions of capital, net	33,257,662	13,461,448
Net Position, September 30, 2025	<u>\$ 110,511,612</u>	<u>\$ 40,473,494</u>

During the year ended September 30, 2025, BCRUA issued contract revenue bonds dated November 15, 2024, totaling \$70,590,000. The bonds mature serially beginning August 1, 2025, through August 1, 2049, with coupon rates ranging from 1.970% to 3.580%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Leander and Round Rock. The bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture (continued)

During the year ended September 30, 2024, BCRUA issued contract revenue bonds dated November 15, 2023, totaling \$49,355,000. The bonds mature serially beginning August 1, 2024, through August 1, 2048, with coupon rates ranging from 2.640% to 4.040%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series for Cedar Park and Round Rock. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2023, BCRUA issued contract revenue bonds dated November 29, 2022, totaling \$40,000,000. The bonds mature serially beginning August 1, 2023 through August 1, 2047, with coupon rates ranging from 2.570% to 3.890%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in one series for Leander. Bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. The City is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2022, BCRUA issued contract revenue bonds dated November 16, 2021, totaling \$115,310,000. The bonds mature serially beginning August 1, 2022 through August 1, 2051, with coupon rates ranging from .160% to 2.720%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one each for Cedar Park and Leander, for each respective city's share of expected project costs. Leander issued a second tranche in November of 2022 to fully fund its share of costs, see note 7 for additional information. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

During the year ended September 30, 2019, BCRUA issued contract revenue bonds dated November 14, 2018, totaling \$15,740,000. The bonds mature serially beginning August 1, 2019 through August 1, 2038, with coupon rates ranging from 1.210% to 4.000%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in two series, one series for two of the partner city's share of expected project costs. Leander's portion of the debt is \$8,770,000. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued by another city.

During the year ended September 30, 2018, BCRUA issued contract revenue bonds dated November 16, 2017, totaling \$16,995,000. The bonds mature serially beginning August 1, 2018 through August 1, 2037, with coupon rates ranging from 0.580% to 2.290%. Proceeds from the bond issue are restricted for the construction and equipment of the second phase of the BCRUA Regional Water Treatment and Distribution Project. The bonds were issued in three series, one series for each partner city's share of expected project costs. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008 by and between each city. Each city is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city.

CITY OF LEANDER, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 12. Joint Venture (continued)

During the year ended September 30, 2017, BCRUA issued contract revenue refunding bonds dated April 19, 2017, totaling \$80,505,000. The bonds mature in 2017 through 2038, with coupon rates ranging from 2.0% to 5.0%. The bonds were issued by the City of Leander, to refund bonds outstanding for the City of Leander. Each bond series is payable solely from and secured, in part, by an assignment of the bond payments made under the Master Contract Agreement dated September 2, 2008, as amended, by and between each city. The City of Leander is solely responsible for bond payments on its series of bonds. No city has any liability or responsibility for any bond payment on a series of bonds issued for another city. The refunding reduced BCRUA's total debt service payments over the next 22 years by \$17,898,892 and generated an economic gain of \$12,596,769 and a deferred charge on refunding of \$7,246,648.

As of year-end the annual requirements to retire the City of Leander's portion of contract revenue debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,125,000	\$ 5,498,261	\$ 13,623,261
2027	8,250,000	5,547,080	13,797,080
2028	8,530,000	5,285,698	13,815,698
2029	8,745,000	5,082,869	13,827,869
2030	8,970,000	4,870,362	13,840,362
2031-2035	49,205,000	20,058,656	69,263,656
2036-2040	43,645,000	10,863,763	54,508,763
2041-2045	27,990,000	5,355,565	33,345,565
2046-2050	15,000,000	1,086,900	16,086,900
	<u>\$ 178,460,000</u>	<u>\$ 63,649,154</u>	<u>\$ 242,109,154</u>

APPENDIX D

FORM OF BOND COUNSEL'S OPINION



\$ _____

BRUSHY CREEK REGIONAL UTILITY AUTHORITY, INC.
CITY OF LEANDER, TEXAS CONTRACT REVENUE REFUNDING BONDS
SERIES 2026
(BRUSHY CREEK REGIONAL WATER TREATMENT AND DISTRIBUTION PROJECT)

WE HAVE ACTED AS BOND COUNSEL in connection with the issuance by the Brushy Creek Regional Utility Authority, Inc. (the “Authority”) of its \$ _____ aggregate original principal amount of City of Leander, Texas Contract Revenue Refunding Bonds, Series 2026 (Brushy Creek Regional Water Treatment and Distribution Project), dated May 1, 2026 (the “Bonds”). Any capitalized terms not otherwise defined herein have the meaning given in the Bond Resolution (as defined below).

IN OUR CAPACITY AS BOND COUNSEL, we have examined the Bonds for the sole purpose of rendering an opinion with respect to the legality and validity of the Bond Resolution and the Bonds under the Constitution and laws of the State of Texas, the defeasance and disclosure of the Authority’s obligations being refunded by the Bonds, and with respect to the excludability of the interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify, and have not investigated or verified, any records, data or other material relating to the financial condition or capabilities of the Authority.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service as we have deemed relevant, a transcript of certified proceedings of the Authority and other pertinent instruments authorizing and relating to the issuance of the Bonds, including (1) the resolution adopted by the Board of Directors of the Authority on March 25, 2026 and the Award Certificate executed by the BCRUA Representative on _____ (collectively, the “Bond Resolution”) authorizing the issuance of the Bonds, (2) the Escrow Agreement, dated as of _____ between the Authority and BOKF, NA, (3) a special report of Robert Thomas CPA, LLC, certified public accountants, related to the accuracy of certain mathematical computations as described in the Escrow Agreement (the “Report”), (4) the registered Initial Bond numbered T-1, and (5) the Federal Tax Certificate of the Authority.

BASED ON OUR EXAMINATION, we are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Authority enforceable in accordance with their terms, except as their enforceability may be limited by

bankruptcy, insolvency, or other laws affecting creditors' rights generally and as may be affected by matters involving the exercise of equitable or judicial discretion.

2. The Bonds are secured by and payable from the Bond Payments received by the Authority from the City of Leander, Texas pursuant to the provisions of the Contract, as provided in the Bond Resolution.
3. Interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners thereof pursuant to Section 103 of the Code and will not constitute a specific item of tax preference under Section 57 of the Code for purposes of calculating the alternative minimum tax on individuals or, except as noted below, corporations.
4. Firm banking and financial arrangements have been made for the discharge and final payment of the obligations being refunded pursuant to the Bond Resolution, and that therefore such obligations, in reliance upon the Escrow Agreement and the Report, are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefore in the Bond Resolution.

In rendering this opinion, we have assumed continuing compliance by the Authority with the covenants contained in the Bond Resolution and the Federal Tax Certificate, that it will comply with the applicable requirements of the Code, including requirements relating to, *inter alia*, the use and investment of proceeds of the Bonds and rebate to the United States Treasury of specified arbitrage earnings, if any, under Section 148(f) of the Code. Failure of the Authority to comply with such covenants could result in the interest on the Bonds being subject to federal income tax from the date of issue. We have not undertaken to monitor compliance with such covenants or to advise any party as to changes in the law after the date hereof that may affect the tax-exempt status of the interest on the Bonds.

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. We observe that the Authority has covenanted in the Bond Resolution not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,