OFFICIAL STATEMENT DATED SEPTEMBER 23, 2026

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE BONDS ARE NOT DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

$8,000,000

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

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1A

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

UNLIMITED TAX BONDS
SERIES 2026

The bonds described above (the "Bonds") are obligations solely of Lazy Nine Municipal Utility District No. 1A (the "District") and are not obligations of the State of Texas, Travis County or any entity other than the District.

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

Dated Date: October 1, 2026 **Due: March 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Registrar/Paying Agent") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of initial delivery (expected on or about October 22, 2026) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2027, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

BAM
BUILD AMERICA MUTUAL

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM" or the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2028	$ 165,000	7.500%	4.00%	52109 WEE6	2033	210,000 (a)	7.500	4.30	52109 WEK2
2029	175,000	7.500	4.05	52109 WEF3	2034	225,000 (a)	7.000	4.40	52109 WEL0
2030	185,000	7.500	4.10	52109 WEG1	2035	235,000 (a)	5.000	4.50	52109 WEM8
2031	190,000	7.500	4.15	52109 WEH9	2036	245,000 (a)	5.000	4.70	52109 WEN6
2032	200,000	7.500	4.20	52109 WEJ5					

$530,000 Term Bonds due March 1, 2038, (a), 52109 WEQ9 (b), 5.000% Interest Rate, 5.00% Yield (c)
$585,000 Term Bonds due March 1, 2040, (a), 52109 WES5 (b), 5.000% Interest Rate, 5.05% Yield (c)
$645,000 Term Bonds due March 1, 2042, (a), 52109 WEU0 (b), 5.000% Interest Rate, 5.10% Yield (c)
$715,000 Term Bonds due March 1, 2044, (a), 52109 WEW6 (b), 5.000% Interest Rate, 5.13% Yield (c)
$790,000 Term Bonds due March 1, 2046, (a), 52109 WEY2 (b), 5.000% Interest Rate, 5.15% Yield (c)
$875,000 Term Bonds due March 1, 2048, (a), 52109 WFA3 (b), 5.125% Interest Rate, 5.20% Yield (c)
$965,000 Term Bonds due March 1, 2050, (a), 52109 WFC9 (b), 5.125% Interest Rate, 5.23% Yield (c)
$1,065,000 Term Bonds due March 1, 2052, (a), 52109 WFE5 (b), 5.250% Interest Rate, 5.25% Yield (c)

(a) Bonds maturing on or after March 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed.

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about October 22, 2026.

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APPENDIX B—Specimen Municipal Bond Insurance Policy

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Bond Counsel, 919 Congress Avenue, Suite 1500, Austin, Texas 78701, for further information.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Hilltop Securities, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.000% of the par value thereof, which resulted in a net effective interest rate of 5.395096%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... The District is one of the five municipal utility districts that were created by the division of Lazy Nine Municipal Utility District. Lazy Nine Municipal Utility District was originally created by Acts of the 78th Texas Legislature, Regular Session, pursuant to House Bill 3565. House Bill 3565 authorized Lazy Nine Municipal Utility District to divide into multiple districts, subject to a division election. Under this authority and with the approval of the voters at a division election held on November 6, 2007, Lazy Nine Municipal Utility District divided into five municipal utility districts, including the District. The District presently contains approximately 964 acres of land. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT."

Location... The District is located in western Travis County along Texas State Highway 71, approximately five miles west of the City of Bee Cave, Texas and approximately 20 miles west of the central business district of Austin, Texas. The District is within the extraterritorial jurisdiction of the City of Bee Cave. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

The Developers… WSI(II)-COS, L.L.C., a Delaware limited liability company ("WSI"), acquired the land currently comprising the District and additional adjacent acres and subsequently conveyed the property to two single purpose entities, WS-COS Investments, LLC, a Delaware limited liability company ("WS-COS Investments") and WS-COS Development, LLC, a Delaware limited liability company ("WS-COS Development"). Each of WSI, WS-COS Investments and WS-COS Development was created by Wheelock Street Capital ("Wheelock"), a Connecticut based real estate investment and development company. WS-COS Investments currently owns approximately 106 acres within the District and WS-COS Development does not own any land within the District. Wheelock, WSI, WS-COS Investments and WS-COS Development are collectively referred to herein as the "WS-COS Entities."

Madrone Canyon, LLC acquired approximately 15 acres from WS-COS Investments and approximately 124 acres from a third-party and has completed the construction of 110 single-family residential lots on approximately 130 of such acres. Madrone Canyon, LLC has sold or is marketing all the developed lots to custom homebuilders and individuals and does not own any remaining developable land within the District.

Grey Forest Development, LLC, a Texas limited liability company ("Grey Forest") acquired approximately 50 acres from WS-COS Investments and has constructed Phase I of a multi-family community which includes 313 multi-family apartment homes, 36 garden homes, and an amenity center constructed on approximately 20 acres within the District. Grey Forest continues to own approximately 30 acres of land in the District served with trunk utilities necessary for multi-family development.

WS-COS Entities, Madrone Canyon, LLC and Grey Forest are collectively referred to herein as the "Developers." See "THE DISTRICT—Status of Development" and "THE DEVELOPERS."

Status of Development... The single-family residential development in the District is being marketed as Madrone Canyon, a private, gated community. Water, wastewater and storm drainage facilities have been constructed to serve 110 single-family residential lots ranging from one-half acre to one acre collectively on approximately 130 acres. According to Madrone Canyon, LLC, as of July 31, 2026, 26 homes were completed, one home was under construction and 83 vacant developed lots were available for home construction in the District, of which 55 have been sold and closed to custom homebuilders or individuals. Madrone Canyon, LLC continues to own 28 vacant developed lots available for sale. New homes in Madrone Canyon are being built by custom homebuilders and range in price from approximately $1,800,000 to approximately $5,000,000. Private recreational facilities that include trails, park spaces and picnic areas have been constructed for the residents of Madrone Canyon.

Commercial development in the District is being marketed as Sweetwater Crossing. A Buick/GMC automobile dealership, a Cadillac automobile dealership and a Dodge/Jeep/RAM automobile dealership have collectively been constructed on approximately 36 acres of land. A 4,174 square foot 7-Eleven Store has been constructed on approximately one acre and a 4,940 square foot car wash has been constructed on approximately 2 acres. Three office/warehouse buildings totaling approximately 300,000 square feet have been constructed on approximately 23 acres.

A 128-townhome rental community, BB Living at Sweetwater Crossing, has recently been constructed by BB Living on approximately 22 acres in the District. According to management, approximately 55% of the townhomes were leased as of June 15, 2026.

Phase I of a multi-family community, The Artesian at Bee Cave, which includes 313 multi-family apartment homes, 36 garden homes and an amenity center, has been constructed on approximately 20 acres within the District.

The District also includes approximately 173 vacant acres provided with trunk utilities necessary for development, approximately 136 acres owned by Lake Travis ISD (tax-exempt) where a transportation center and a middle school have been constructed and approximately 421 acres of land which are not developable (utility easements, canyon land, open space and rights-of-way). See "THE DISTRICT—Land Use" and "—Status of Development."

Payment Record… The District has previously issued $18,275,000 of unlimited tax bonds for water, wastewater and storm drainage facilities in two series and $13,435,000 of unlimited tax bonds for road facilities in two series, of which $30,630,000 is outstanding as of the date hereof (the "Outstanding Bonds"). The District capitalized twelve (12) months of interest on the Series 2026 Road Bonds in March 2026 and will capitalize $400,000 of interest from Bond proceeds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ. The District has never defaulted in the payment of principal and interest on its Outstanding Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Debt."

THE BONDS

Description... The $8,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are being issued pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the District's Board of Directors (the "Board") as fully registered bonds. The Bonds are scheduled to mature serially on March 1 in each of the years 2028 through 2036, both, inclusive, and as term bonds maturing on March 1 in each of the years 2038, 2040, 2042, 2044, 2046, 2048, 2050 and 2052 (the "Term Bonds"), in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are dated October 1, 2026, and accrue interest from the Date of Delivery, with interest payable March 1, 2027, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000 in excess thereof. See "THE BONDS."

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

Redemption... Bonds maturing on or after March 1, 2033 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on March 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds...	Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay interest on funds advanced by certain Developers on behalf of the District, to capitalize $400,000 of interest on the Bonds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ, and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds.
Authority for Issuance...	The Bonds are the third series of bonds issued out of an aggregate of $282,201,820 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing and constructing water, wastewater and storm drainage facilities and refunding such bonds. The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance" and "RISK FACTORS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of Travis County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Not Qualified Tax-Exempt Obligations...	The Bonds are not designated "qualified tax-exempt obligations" for financial institutions.
Bond Counsel...	Allen Boone Humphries Robinson LLP, Austin, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Disclosure Counsel...	McCall, Parkhurst & Horton LLP, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$305,435,837	(a)
Gross Direct Debt Outstanding	$38,630,000	(b)
Estimated Overlapping Debt	8,367,998	(c)
Gross Direct Debt and Estimated Overlapping Debt	$46,997,998	
Ratio of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	12.65%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	15.39%	
Funds Available for Debt Service as of August 19, 2026:		
Water, Wastewater and Drainage Debt Service Funds	$1,233,543	(d)(e)
Road Debt Service Funds	885,944	(d)(e)
Capitalized Interest from Bond Proceeds	400,000	(d)(f)
Total Funds Available for Debt Service	$2,519,487	
Operating Funds Available as of August 19, 2026	$2,929,787	
Road Capital Projects Available as of August 19, 2026	$ 428,198	
Water, Wastewater and Drainage Capital Projects Available as of August 19, 2026	$ 158,709	
2026 Debt Service Tax Rate	$0.74	
2026 Maintenance and Operations Tax Rate	0.26	
2026 Total Tax Rate	$1.00	(g)
Average Annual Debt Service Requirement (2027-2052)	$2,611,427	(h)
Maximum Annual Debt Service Requirement (2048)	$2,878,661	(h)
Tax Rate Required to Pay Average Annual Debt Service (2027-2052) at a 95% Collection Rate Based upon 2026 Taxable Assessed Valuation	$0.90	
Tax Rate Required to Pay Maximum Annual Debt Service (2048) at a 95% Collection Rate Based upon 2026 Taxable Assessed Valuation	$1.00	

(a) The Travis Central Appraisal District (the "Appraisal District") has certified $305,207,970 of taxable assessed value and an additional $227,867 of taxable assessed value remains uncertified and is subject to review and downward revision. No tax will be levied on the uncertified value until it is certified. The 2026 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) Includes the Outstanding Bonds and the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Debt."

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities ("Road Bonds"), and a pro rata portion will be allocated to bonds sold for water, wastewater and storm drainage facilities, including the Bonds ("Water, Wastewater and Drainage Bonds"). Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on bonds issued for water, wastewater and drainage facilities, including the Bonds. Funds in the Water, Wastewater and Drainage Debt Service Fund are available to pay debt service on bonds issued for water, wastewater and drainage facilities, including the Bonds, and are not available to pay debt service on the bonds issued for road facilities. See FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(e) The Road Debt Service Fund balance includes $525,846 for payment of the District's September 1, 2026, road debt service payment, and the Water, Wastewater and Drainage Debt Service Fund balance includes $724,688 for payment of the District's September 1, 2026, water, wastewater and drainage debt service payment. See FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(f) The District will capitalize $400,000 of interest from Bond proceeds to pay debt service on the Bonds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

(g) See "TAX DATA—Historical Tax Rate Distribution."

(h) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

OFFICIAL STATEMENT

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1A

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

$8,000,000

UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Lazy Nine Municipal Utility District No. 1A (the "District") of its $8,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), the terms and conditions of the Bond Resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, WSI(II)-COS, L.L.C., a Delaware limited liability company ("WSI"), WS-COS Investments, LLC, a Delaware limited liability company ("WS-COS Investments"), WS-COS Development, LLC, a Delaware limited liability company ("WS-COS Development"), Wheelock Street Capital ("Wheelock"), Madrone Canyon, LLC, and Grey Forest Development, LLC ("Grey Forest") and development activity in the District. WSI, WS-COS Investments, WS-COS Development and Wheelock are collectively referred to herein as the "WS-COS Entities." WS-COS Entities, Madrone Canyon, LLC and Grey Forest are collectively referred to herein as the "Developers." Other descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

THE BONDS

Description

The Bonds will be dated October 1, 2026 and accrue interest from the Date of Delivery, with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2027, and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000 in excess thereof. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

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

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

Source of Payment

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

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

Funds

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

The Water, Sewer and Drainage Debt Service Fund is available for payment of principal and interest on bonds issued for water, wastewater and storm drainage facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for road facilities. The District maintains a Road Debt Service Fund that is available for payment of debt service on bonds issued for road facilities. It is not available to pay principal or interest on bonds issued for water, wastewater and storm drainage facilities, including the Bonds.

Funds totaling $400,000 of capitalized interest, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ, shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to be used for the purpose of reimbursing WS-COS Entities and Madrone Canyon, LLC for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Water, Sewer and Drainage Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Water, and Drainage Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

No Arbitrage

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

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on March 1 in each of the years 2038, 2040, 2042, 2044, 2046, 2048, 2050 and 2052 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on March 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$530,000 Term Bonds Due March 1, 2038	
Mandatory Redemption Date	**Principal Amount**
2037	$ 260,000
2038 (maturity)	270,000

$585,000 Term Bonds Due March 1, 2040	
Mandatory Redemption Date	**Principal Amount**
2039	$ 285,000
2040 (maturity)	300,000

$645,000 Term Bonds Due March 1, 2042	
Mandatory Redemption Date	**Principal Amount**
2041	$ 315,000
2042 (maturity)	330,000

$715,000 Term Bonds Due March 1, 2044	
Mandatory Redemption Date	**Principal Amount**
2043	$ 350,000
2044 (maturity)	365,000

$790,000 Term Bonds Due March 1, 2046	
Mandatory Redemption Date	**Principal Amount**
2045	$ 385,000
2046 (maturity)	405,000

$875,000 Term Bonds Due March 1, 2048	
Mandatory Redemption Date	**Principal Amount**
2047	$ 425,000
2048 (maturity)	450,000

$965,000 Term Bonds Due March 1, 2050	
Mandatory Redemption Date	**Principal Amount**
2049	$ 470,000
2050 (maturity)	495,000

$1,065,000 Term Bonds Due March 1, 2052	
Mandatory Redemption Date	**Principal Amount**
2051	$ 520,000
2052 (maturity)	545,000

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

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

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

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

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

Authority for Issuance

At a bond election held within the District on May 12, 2012, voters of the District authorized the issuance of $282,201,820 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and storm drainage facilities and refunding such bonds. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" in this section and "RISK FACTORS—Future Debt."

The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized the issuance of $282,201,820 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and storm drainage facilities and refunding such bonds, $48,000,000 principal amount of unlimited tax bonds for the purpose of constructing roads and related improvements and refunding such bonds and $39,046,030 principal amount of unlimited tax bonds for the purpose of purchasing and constructing parks and recreational facilities and refunding such bonds. After the issuance of the Bonds, the District will have $255,926,820 principal amount of unlimited tax bonds for water, wastewater and storm drainage facilities and refunding such bonds authorized but unissued, $34,565,000 principal amount of unlimited tax bonds for roads and related improvements and refunding such bonds authorized but unissued, and all the unlimited tax bonds authorized for parks and recreational facilities and refunding authorized but unissued.

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

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

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

Consolidation

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts, or estimates of various costs by Jones-Heroy & Associates, Inc. and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION COSTS		
• Pedernales Summit Parkway, Section One - Drainage	$	81,440
• Pedernales Summit Parkway, Phase Two - Drainage		391,271
• Madrone Canyon - Water, Wastewater and Drainage		4,127,042
• Sweetwater Crossing Phase One - Water, Wastewater and Drainage		154,058
• Engineering and Testing		1,011,819
• Preliminary Engineering		145,760
Total Construction Costs	**$**	**5,911,390**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount	$	240,000
• Capitalized Interest (a)		400,000
• Operating Advances		288,103
• Developer Interest (Estimated)		661,177
Total Non-Construction Costs	**$**	**1,589,280**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	413,830
• Bond Engineering Report		57,500
• State Regulatory Fees		28,000
Total Issuance Costs and Fees	**$**	**499,330**
TOTAL BOND ISSUE	**$**	**8,000,000**

(a) The District will capitalize $400,000 of interest from Bond proceeds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The District cannot and does not guarantee the sufficiency of such funds for such purpose.

THE DISTRICT

General

The District was created by division of Lazy Nine Municipal Utility District at a division election duly called and held on November 6, 2007. Lazy Nine Municipal Utility District was originally created by Acts of the 78th Legislature, Regular Session, pursuant to House Bill 3565. Lazy Nine Municipal Utility District divided into five municipal utility districts, including the District. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended.

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

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

Description and Location

The District currently contains approximately 964 acres of land and is located in western Travis County approximately five miles west of the City of Bee Cave, Texas and 20 miles west of the central business district of Austin, Texas. The District is within the extraterritorial jurisdiction of the City of Bee Cave. Principal access to the District is provided from Texas State Highway 71. Several small, undeveloped tracts of land within the District are also located within the boundaries of Lazy Nine Municipal Utility District No. 1B ("MUD 1B"). See "AERIAL PHOTOGRAPH."

Land Use

The District currently includes approximately 130 acres of single-family residential development (110 one-half acre to one acre lots), approximately 62 acres of completed commercial development, approximately 22 acres developed for 128 townhomes, approximately 20 acres of multi-family development, approximately 173 vacant acres served with trunk utilities necessary for development, approximately 136 acres owned by Lake Travis ISD (tax-exempt) and approximately 421 undevelopable acres (utility easements, canyon land, detention, open space and rights-of-way). The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots/Units
Single-Family Residential		
Madrone Canyon	130	110
Commercial Tracts	62	---
Lake Travis ISD Facilities (Tax-Exempt)	136	---
Townhomes (a)	22	128
Multi-Family/Garden Homes (b)	20	349
Future Development (c)	173	---
Non-Developable (d)	421	---
Totals	964	587

(a) A 128-townhome rental community has been constructed on approximately 22 acres in the District. See "—Status of Development, *Townhomes*" herein.
(b) Phase I of a multi-family community has been constructed on approximately 20 acres within the District. See "—Status of Development, *Multi-Family/Garden Home Development*" herein.
(c) Such acreage is served with trunk utilities necessary for development.
(d) Includes public utility easements, canyon land, detention, open space and rights-of-way.

Status of Development

Residential Development: The single-family residential development in the District is being marketed as Madrone Canyon, a private, gated community. Water, wastewater and storm drainage facilities have been constructed to serve 110 single-family residential lots ranging from one-half acre to one acre collectively on approximately 130 acres. According to Madrone Canyon, LLC, as of July 31, 2026, 26 homes were completed, one home was under construction and 83 vacant developed lots were available for home construction in the District, of which 55 have been sold and closed to custom homebuilders or individuals. Madrone Canyon, LLC continues to own 28 vacant developed lots available for sale. New homes in Madrone Canyon are being built by custom homebuilders and range in price from approximately $1,800,000 to approximately $5,000,000. Private recreational facilities that include trails, park spaces and picnic areas have been constructed for the residents of Madrone Canyon.

Commercial Development: Commercial development in the District is being marketed as Sweetwater Crossing. A Buick/GMC automobile dealership, a Cadillac automobile dealership and a Dodge/Jeep/RAM automobile dealership have collectively been constructed on approximately 36 acres of land. A 4,174 square foot 7-Eleven Store has been constructed on approximately one acre and a 4,940 square foot car wash has been constructed on approximately 2 acres. Three office/warehouse buildings totaling approximately 300,000 square feet have been constructed on approximately 23 acres.

Townhomes: A 128-townhome rental community, BB Living at Sweetwater Crossing, has recently been constructed by BB Living on approximately 22 acres in the District. According to management, approximately 55% of the townhomes were leased as of June 15, 2026.

Multi-Family/Garden Home Development: Phase I of a multi-family community, The Artesian at Bee Cave, which includes 313 multi-family apartment homes, 36 garden homes and an amenity center, has been constructed on approximately 20 acres within the District.

The District also includes approximately 173 vacant acres provided with trunk utilities necessary for development, approximately 136 acres owned by Lake Travis ISD (tax-exempt) where a transportation center and a middle school have been constructed and approximately 421 acres of land which are not developable (utility easements, canyon land, detention, open space and rights-of-way).

Future Development

The District is currently planned as a mixed-use development. The District anticipates issuing additional bonds to accomplish full development of the District. See "RISK FACTORS—Undeveloped Acreage and Vacant Lots" and "—Future Debt." The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($329,537,850) should be sufficient to finance the construction of water, wastewater, storm drainage, recreation and road facilities to complete full development of the District. See "THE SYSTEM" and "RISK FACTORS—Future Debt."

THE DEVELOPERS

Role of a Developer

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

Obligations of the Developers

None of the Developers nor any affiliates have made any commitment to pay debt service on the Bonds, and reference to the financial information of the Developers in this OFFICIAL STATEMENT should not be so construed otherwise.

WS-COS Entities

WSI(II)-COS, L.L.C., a Delaware limited liability company ("WSI"), acquired the land currently comprising the District and additional adjacent acres and subsequently conveyed the property to two single purpose entities, WS-COS Investments, LLC, a Delaware limited liability company ("WS-COS Investments") and WS-COS Development, LLC, a Delaware limited liability company ("WS-COS Development"). Each of WSI, WS-COS Investments and WS-COS Development was created by Wheelock Street Capital ("Wheelock"), a Connecticut based real estate investment and development company. WS-COS Investments currently owns approximately 106 acres within the District. WS-COS Development does not own any remaining land within the District. Wheelock, WSI, WS-COS Investments and WS-COS Development are collectively referred to herein as the "WS-COS Entities." See "TAX DATA—Principal Taxpayers."

Madrone Canyon, LLC

Madrone Canyon, LLC acquired approximately 15 acres from WS-COS Investments and approximately 124 acres from a third-party and has completed the construction of 110 single-family residential lots on approximately 130 of such acres. Madrone Canyon, LLC has sold or is marketing all the developed lots to custom homebuilders and individuals and does not own any remaining developable land within the District. See "THE DISTRICT—Status of Development, *Residential Development*." See "TAX DATA—Principal Taxpayers."

Grey Forest Development, LLC

Grey Forest Development, LLC, a Texas limited liability company ("Grey Forest") acquired approximately 50 acres from WS-COS Investments and has constructed Phase I of a multi-family community which includes 313 completed multi-family apartment homes, 36 garden homes and an amenity center constructed on approximately 20 acres within the District. Grey Forest continues to own approximately 30 acres of land in the District served with trunk utilities necessary for multi-family development. See "TAX DATA—Principal Taxpayers."

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms and elections are held in May in even numbered years only. None of the Board members reside within the District; however, all of the Board members own land within the District. Directors have staggered four-year terms. The current members and officers of the Board along with their titles and terms are listed as follows:

Name	District Board Title	Term Expires
Jennifer Brown Emerson	President	May 2028
Vacant	Vice President	May 2030
Lee Combs	Secretary	May 2030
Billy Phenix	Assistant Secretary	May 2028
Rick Castleberry	Assistant Vice President/Assistant Secretary	May 2028

District Consultants

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

Bond Counsel/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

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

Auditor: The District's financial statements for the year ended September 30, 2025, were audited by McGrath & Co., PLLC. See APPENDIX A for a copy of the District's September 30, 2025, audited financial statements.

Engineer: The consulting engineer for the District in connection with the design and construction of the District's facilities is Malone/Wheeler Inc. The District engaged Jones-Heroy & Associates, Inc. as engineering consultant to assist in the preparation of the District's bond application.

Tax Appraisal: The Travis Central Appraisal District (the "Appraisal District") has the responsibility of appraising all property within the District. The Appraisal District also contracts with the District for the collection of taxes. See "TAXING PROCEDURES."

Bookkeeper: The District has engaged Bott & Douthitt PLLC to serve as the District's bookkeeper (the "Bookkeeper").

Utility System Operator: The operator of the water and wastewater system serving the District is Crossroads Utility Services, LLC.

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

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District in connection with the issuance of the Bonds.

ROAD SYSTEM

Pedernales Summit Parkway, a major collector street, and the collector streets in Sweetwater Crossing Phase I and Phase II currently exist within the District's boundaries. The roadways are designed and constructed in accordance with Travis County standards, rules, and regulations. The public roadway facilities that serve Sweetwater Crossing have been accepted by Travis County for operation and maintenance thereof. A portion of the proceeds from the Outstanding Bonds have been expended for road related improvements and land acquisition of certain roads and rights-of-way within the District.

The roadways lie within the public rights-of-way. In addition to the roadways, public utilities such as underground water, sewer and drainage facilities are located within the right-of-way. The right-of-way is also shared by street lights, sidewalks and franchise utilities (power, gas, telephone, and cable).

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

Water, Wastewater and Drainage Facilities

Water Supply: The District has a raw water contract with the Lower Colorado River Authority ("LCRA") whereby the District and Lazy Nine Municipal Utility District No. 1B ("MUD 1B") have the right to a maximum of 974 acre-feet of raw water per year to support development within the districts. The District entered into a Water Utility Facilities Acquisition, Construction and Service Agreement, as amended (the "Water Supply Agreement") with the LCRA. In 2012, the West Travis County Public Utility Agency ("WTCPUA") purchased the water system of LCRA and assumed the obligations of the Water Supply Agreement. Pursuant to the terms of the First Amendment to the Water Supply Agreement dated December 30, 2013, LCRA (now the WTCPUA) is obligated to provide wholesale water service for up to a total of 2,595 Living Unit Equivalents to the District on behalf of the development, including the development within MUD 1B. MUD 1B has entered into a Joint Facilities Agreement with the District dated June 20, 2012, as amended. Pursuant to the terms of the Second Amendment to the Joint Facilities Agreement, the District has a 31.25% share in the water capacity supplied from LCRA/WTCPUA which will adequately serve 811 equivalent single-family connections. As of July 31, 2026 the District was serving 40 active residential and commercial connections (26 completed homes, one home under construction or in a builder's name, 9 commercial connections and 4 commercial connections under construction).

Wastewater Treatment: Wastewater treatment for the District is provided by a wastewater treatment plant owned and operated by the District. The capacity of the treatment plant is currently 400,000 gallons per day. MUD 1B has entered into a Joint Facilities Agreement with the District to share the costs and capacity in the treatment plant and other regional facilities. Pursuant to the terms of the Second Amendment to the Joint Facilities Agreement, dated April 15, 2015, 68.75% of capacity is allocated to the MUD 1B and 31.25% is allocated to the District. According to the Engineer, the District's 31.25% capacity is capable of serving up to 992 equivalent single-family connections depending on actual flow rates. This capacity should be able to accommodate the demands generated from development within the District at total build out. As of July 31, 2026 the District was serving 40 active residential and commercial connections (26 completed homes, one home under construction or in a builder's name, 9 commercial connections and 4 commercial connections under construction).

Water Distribution, Wastewater Collection and Storm Drainage Facilities: Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 110 single-family residential lots, approximately 62 acres of commercial tracts, 128 townhomes constructed on approximately 22 acres, approximately 20 acres of multi-family development and approximately 136 acres owned by Lake Travis ISD (tax-exempt). An additional approximately 173 acres are served with trunk utilities necessary for future development.

100-Year Flood Plain: According to the Engineer, no developable land within the District is located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map.

Water and Wastewater Operations

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ending September 30, 2022 through September 30, 2025, and an unaudited summary prepared by the Bookkeeper for the nine-month period ended June 30, 2026. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

		Fiscal Year Ended September 30			
	10/1/2025 to 6/30/2026 (unaudited)	2025	2024	2023	2022
Revenues					
Utility Services	$ 584,776	$ 647,542	$ 370,790	$ 348,808	$ 165,409
Property taxes	901,012	1,350,225	812,665	453,495	212,253
Penalties and interest	6,763	12,835	13,975	2,404	-
Tap connection and inspection	-	39,800	286,560	85,500	25,345
Investment earnings	68,168	84,270	33,185	14,936	1,162
Miscellaneous	-	41,543	17,622	19,000	17,100
Total Revenues	$ 1,560,720	$ 2,176,215	$ 1,534,797	$ 924,143	$ 421,269
Expenditures					
Current service operations:					
Professional fees	$ 249,806	$ 419,736	$ 264,185	$ 205,909	$ 245,013
Contracted services	96,646	77,748	65,390	97,012	28,257
Repairs and maintenance	46,896	73,903	118,415	62,594	51,519
Administrative	13,940	19,347	19,633	12,142	7,923
Capital outlay	-	-	148,680	-	-
Other	-	9,712	9,483	8,263	14,183
Joint Facilities:					
Purchased services	75,422	86,414	72,971	46,159	16,969
Professional fees	-	1,887	15,282	11,203	52,056
Contracted services	19,055	34,094	23,246	11,011	2,889
Repairs and maintenance	26,943	58,004	47,937	22,875	29,904
Lease Expense	-	-	35,984	25,703	-
Utilities	12,986	-	-	5,204	3,491
Water reservation fees	1,628	-	-	10,337	10,293
Administrative	11,936	6,764	6,614	7,244	7,012
Capital outlay	65,182	1,063,952 (b)	755,425 (d)	-	-
Other	-	16,212	13,281	1,122	574
Right-to-use leased asset:					
Lease - principal (a)	-	-	-	39,346	63,088
Lease - interest (a)	-	-	-	1,123	6,287
Total Expenditures	$ 620,438	$ 1,867,773	$ 1,596,526	$ 567,247	$ 539,458
Net Revenues	$ 940,281	$ 308,442	$ (61,729)	$ 356,896	$ (118,189)
Other Financing Sources/(Uses)					
Developer Advances	$ 22,754	$ 746,463 (c)	$ 277,854 (e)	$ 64,250 (a)	$ 84,053
Insurance Proceeds	-	78,717	-	-	-
Fund Balance					
Beginning of Year	$ 1,778,564	$ 644,942	$ 428,817	$ 7,671	$ 41,807
End of Year	$ 2,741,599	$ 1,778,564	$ 644,942	$ 428,817	$ 7,671

(a) Reflects contractual obligations of NASH-Sweetwater, LLC, the developer of MUD 1B, related to expansion of the wastewater facility serving both the District and MUD 1B. See "SWEETWATER" and "THE SYSTEM."

(b) Reflects approximately $885,575 of expenses related to an irrigation project, approximately $178,377 for wastewater treatment plant rehabilitation.

(c) Reflects funds advanced by NASH-Sweetwater, LLC, the developer of MUD 1B, related to an irrigation project serving both the District and MUD 1B.

(d) Reflects $116,316 of expenses related to an irrigation project, $163,528 for the wastewater treatment plant lease buyout and $475,580 for wastewater treatment plant rehabilitation.

(e) Reflects $104,685 of developer advances related to an irrigation project and $173,169 of developer advances related to the wastewater treatment plant lease payments and lease buyout.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$305,435,837	(a)
Gross Direct Debt Outstanding	$38,630,000	(b)
Estimated Overlapping Debt	8,367,998	(c)
Gross Direct Debt and Estimated Overlapping Debt	$46,997,998	
Ratio of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	12.65%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	15.39%	
Funds Available for Debt Service as of August 19, 2026:		
Water, Wastewater and Drainage Debt Service Funds	$1,233,543	(d)(e)
Road Debt Service Funds	885,944	(d)(e)
Capitalized Interest from Bond Proceeds	400,000	(d)(f)
Total Funds Available for Debt Service	$2,519,487	
Operating Funds Available as of August 19, 2026	$2,929,787	
Road Capital Projects Available as of August 19, 2026	$ 428,198	
Water, Wastewater and Drainage Capital Projects Available as of August 19, 2026	$ 158,709	

(a) The Appraisal District has certified $305,207,970 of taxable assessed value and an additional $227,867 of taxable assessed value remains uncertified and is subject to review and downward revision. No tax will be levied on the uncertified value until it is certified. The 2026 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) Includes the Outstanding Bonds and the Bonds. See "—Outstanding Debt" below.

(c) See "—Estimated Overlapping Debt" herein.

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated Road Bonds, and a pro rata portion will be allocated Water, Wastewater and Drainage Bonds. Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities and are not available to pay debt service on bonds issued for water, wastewater and drainage facilities, including the Bonds. Funds in the Water, Wastewater and Drainage Debt Service Fund are available to pay debt service on bonds issued for water, wastewater and drainage facilities, including the Bonds, and are not available to pay debt service on the bonds issued for road facilities. See "—Debt Service Requirements" herein.

(e) The Road Debt Service Fund balance includes $525,846 for payment of the District's September 1, 2026, road debt service payment, and the Water, Wastewater and Drainage Debt Service Fund balance includes $724,688 for payment of the District's September 1, 2026, water, wastewater and drainage debt service payment.

(f) The District will capitalize $400,000 of interest from Bond proceeds to pay debt service on the Bonds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Investments of the District

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

Outstanding Debt

The District has previously issued two series of unlimited tax bonds for water, wastewater and storm drainage facilities and two series of unlimited tax bonds for road facilities. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds that is outstanding as of the date hereof (the "Outstanding Bonds").

Series		Original Principal Amount	Outstanding Principal Amount
2022	(a)	$ 9,500,000	$ 8,915,000
2023		12,275,000	11,780,000
2025		6,000,000	6,000,000
2026	(a)	3,935,000	3,935,000
Total		$ 31,710,000	$ 30,630,000

(a) Unlimited tax road bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Debt" in this section) and the debt service on the Bonds. The schedule below does not reflect that the District capitalized twelve (12) months of interest from proceeds of the Series 2026 Road Bonds in March 2026 and will capitalize $400,000 of interest from Bond proceeds to pay debt service on the Bonds, which represents twelve (12) months at a 5.00% interest rate, and is the maximum amount approved by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	$ 1,250,533.40 (a)	$ -	$ -	$ -	$ 1,250,533.40
2027	2,173,830.00	-	375,595.94	375,595.94	2,549,425.94
2028	2,254,180.00	165,000	431,400.00	596,400.00	2,850,580.00
2029	2,254,867.50	175,000	418,650.00	593,650.00	2,848,517.50
2030	2,253,405.00	185,000	405,150.00	590,150.00	2,843,555.00
2031	2,254,792.50	190,000	391,087.50	581,087.50	2,835,880.00
2032	2,253,292.50	200,000	376,462.50	576,462.50	2,829,755.00
2033	2,255,155.00	210,000	361,087.50	571,087.50	2,826,242.50
2034	2,255,092.50	225,000	345,337.50	570,337.50	2,825,430.00
2035	2,257,442.50	235,000	331,587.50	566,587.50	2,824,030.00
2036	2,262,067.50	245,000	319,587.50	564,587.50	2,826,655.00
2037	2,263,980.00	260,000	306,962.50	566,962.50	2,830,942.50
2038	2,276,536.25	270,000	293,712.50	563,712.50	2,840,248.75
2039	2,280,792.50	285,000	279,837.50	564,837.50	2,845,630.00
2040	2,280,973.75	300,000	265,212.50	565,212.50	2,846,186.25
2041	2,286,792.50	315,000	249,837.50	564,837.50	2,851,630.00
2042	2,288,836.25	330,000	233,712.50	563,712.50	2,852,548.75
2043	2,296,427.50	350,000	216,712.50	566,712.50	2,863,140.00
2044	2,299,148.75	365,000	198,837.50	563,837.50	2,862,986.25
2045	2,302,495.00	385,000	180,087.50	565,087.50	2,867,582.50
2046	2,310,946.25	405,000	160,337.50	565,337.50	2,876,283.75
2047	2,313,938.75	425,000	139,321.88	564,321.88	2,878,260.63
2048	2,311,761.25	450,000	116,900.00	566,900.00	2,878,661.25
2049	1,609,218.75	470,000	93,325.00	563,325.00	2,172,543.75
2050	703,765.63	495,000	68,596.88	563,596.88	1,267,362.50
2051	705,546.88	520,000	42,262.50	562,262.50	1,267,809.38
2052	275,906.25	545,000	14,306.25	559,306.25	835,212.50
Total	$ 54,531,724.65	$ 8,000,000	$ 6,615,908.44	$ 14,615,908.44	$ 69,147,633.09

(a) Excludes the District's March 1, 2026 debt service payment of $623,766. The Outstanding Bonds shown throughout this OFFICIAL STATEMENT exclude the District's September 1, 2026 principal payment of $460,000.

Average Annual Debt Service Requirements (2027-2052) $2,611,427
Maximum Annual Debt Service Requirement (2048) $2,878,661

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Travis County	$ 1,202,190,000	7/31/2026	0.08%	$ 961,752
Austin Community College District	657,685,000	7/31/2026	0.06%	394,611
Lake Travis Independent School District	484,685,000	7/31/2026	1.38%	6,688,653
Travis County Healthcare District	398,205,000	7/31/2026	0.08%	318,564
Travis County Emergency Services District No. 6	475,000	7/31/2026	0.93%	4,418
Total Estimated Overlapping Debt				$ 8,367,998
The District's Total Direct Debt (a)		9/2/2026		38,630,000
Total Direct and Estimated Overlapping Debt				$ 46,997,998

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $305,435,837 ..... 15.39%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2025 or 2026 tax year by all taxing jurisdictions overlapping the District and the District's 2026 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate Per $100 Taxable Assessed Valuation	
Travis County	$ 0.375845	(a)
Austin Community College District	0.103400	(a)
Lake Travis Independent School District	1.032900	(b)
Travis County Emergency Services District No. 6	0.090399	(a)
Travis County Healthcare District	0.118023	(a)
Total Overlapping Tax Rate	$ 1.720567	
The District	1.000000	(c)
Total Tax Rate	$ 2.720567	

(a) 2025 tax rate.
(b) 2026 tax rate.
(c) See "TAX DATA–Historical Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. See "—Historical Tax Rate Distribution" below and "—Tax Roll Information" herein, "TAXING PROCEDURES" and "RISK FACTORS—Possible Impact on District Tax Rates."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted May 12, 2012, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.20 per $100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds and the Bonds. See "—Debt Service Tax" above.

Historical Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$ 0.740 (a)	$ 0.640	$ 0.370	$ 0.425	$ -
Maintenance and Operations	0.260	0.360	0.630	0.575	1.000
Total	$ 1.000	$ 1.000	$ 1.000	$ 1.000	$ 1.000

(a) The District adopted a 2026 debt service tax rate of $0.74 per $100 of taxable assessed valuation, of which $0.47 is allocated to Water, Wastewater and Drainage Bonds and $0.27 is allocated to Road Bonds.

Exemptions

The District has not granted an exemption for persons disabled or 65 years of age or older or a general residential homestead exemption.

Additional Penalties

The District has contracted with the Travis County Tax Office to collect taxes. In connection with that contract, the District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than November 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Historical Tax Collections

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's Tax Assessor/Collector. Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed. Reference is made to such statements and records for further and complete information. See "—Tax Roll Information" herein.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Collections as of June 30, 2026 (a) Amount	Percent
2021	$ 14,965,424	$ 1.000	$ 149,654	$ 149,654	100.00%
2022	44,668,600	1.000	446,686	446,686	100.00%
2023	141,658,135	1.000	1,416,581	1,416,581	100.00%
2024	214,233,377	1.000	2,142,334	2,142,219	99.99%
2025	255,759,988	1.000	2,557,600	2,459,011	96.15%
2026	305,435,837	1.000	3,054,358	(b)	(b)

(a) Unaudited.
(b) In the process of collection. Taxes for the 2026 tax year are due by January 31, 2027.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2022 through 2026 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. An accurate breakdown of the uncertified portion ($227,867) of the 2026 Taxable Assessed Valuation of $305,435,837, is not available.

Tax Roll Year	Type of Property: Land	Type of Property: Improvements	Type of Property: Personal Property	Gross Assessed Valuations	Deferments and Exemptions	Uncertified Value	Net Assessed Valuations
2022	$ 49,583,919	$ 793,176	$ 30,150	$ 50,407,245	$ (5,738,645)	$ -	$ 44,668,600
2023	76,001,000	69,011,888	8,926,535	153,939,423	(12,281,288)	-	141,658,135
2024	88,574,975	114,075,617	24,625,654	227,276,246	(13,042,869)	-	214,233,377
2025	110,884,903	152,831,969	30,090,728	293,807,600	(38,047,612)	-	255,759,988
2026	100,364,513	207,865,028	42,893,099	351,122,640	(45,914,670)	227,867	305,435,837

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($305,207,970) of the 2026 Taxable Assessed Valuation of $305,435,837. This represents ownership as of January 1, 2026. An accurate principal taxpayers list related to the uncertified portion ($227,867) of the 2026 Taxable Assessed Valuation of $305,435,837, is not available as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Grey Forest Development LLC (a)	$ 77,054,765	25.25%
Matthews-Barnes Brothers Investments II LP/Covert Dealerships (b)	66,454,185	21.77%
Sweetwater Crossings Build to Rent LLC (c)	36,315,500	11.90%
Cesiumastro Inc	30,471,175	9.98%
Madrone Canyon LLC (d)	6,662,102	2.18%
WS-COS Investments LLC (d)	5,971,265	1.96%
Individual	3,206,429	1.05%
Individual	3,062,392	1.00%
Individual	2,744,000	0.90%
Individual	2,681,171	0.88%
	$ 234,622,984	76.87%

(a) Grey Forest Development LLC is the developer and owner of the multi-family property in the District. See "THE DISTRICT—Status of Development, *Multi-Family/Garden Home Development*" and "RISK FACTORS—Certain Tax Exemptions Provided for Affordable Housing."

(b) Represents the taxable assessed valuation of the land, improvements, and personal property associated with the three automobile dealerships in the District. See "THE DISTRICT—Status of Development, *Commercial*" and "RISK FACTORS—Dependence on Personal Property Tax Collections."

(c) BB Living at Sweetwater Crossing. See "THE DISTRICT—Status of Development, *Townhomes,*" and "RISK FACTORS – Rental Homes."

(d) See "THE DEVELOPERS."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $305,435,837 ($305,207,970 of certified value plus $227,867 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "RISK FACTORS—Possible Impact on District Tax Rates" and "—Future Debt."

Average Annual Debt Service Requirement (2027-2052)	$2,611,427
$0.90 Tax Rate on the 2026 Taxable Assessed Valuation	$2,611,476
Maximum Annual Debt Service Requirement (2048)	$2,878,661
$1.00 Tax Rate on the 2026 Taxable Assessed Valuation	$2,901,640

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation will not be adjusted downward prior to certification, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead.

Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

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

Tax Abatement

Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Travis County and the District, under certain circumstances, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, Travis County has not designated land within the District as a reinvestment zone.

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months.

The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Tax Payment Installments After Disaster

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

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 90% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For tax year 2026, the District is classified as a Developing District.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described in the preceding section under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

RISK FACTORS

General

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

Dependence on Major Taxpayers and the Developers

There is a high concentration of ownership of taxable property in the District. The ten principal taxpayers represent $234,622,984 or 76.87% of the certified portion ($305,207,970) of the 2026 Taxable Assessed Valuation of $305,435,837 within the District as of January 1, 2026. See "TAX DATA— Principal Taxpayers." The Developers represent 29.39% of the certified portion ($305,207,970) of the 2026 Taxable Assessed Valuation of $305,435,837. See "THE DEVELOPERS." The top taxpayer, Grey Forest Development LLC ("Grey Forest"), represents 25.25% of the certified portion of the 2026 Taxable Assessed Valuation. Grey Forest is the developer and owner of the multi-family property in the District. See "—Certain Tax Exemptions Provided for Affordable Housing" herein. The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay taxes in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to pay debt service on the Bonds.

None of the Developers nor any future developer or homebuilder is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developers' or any other landowners.

Undeveloped Acreage and Vacant Lots

There are approximately 173 acres in the District which are served with trunk utilities but remain vacant and 83 vacant single-family residential lots. The District makes no representation as to when or if homes and additional taxable improvements will be constructed. Failure to construct taxable improvements on the acreage served with trunk utilities or of the builders to construct homes on developed lots would result the rate of growth of taxable values in the District. The District makes no representation as to when or if development of the undeveloped acreage or the building of homes will occur. See "THE DISTRICT—Land Use."

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of commercial tracts and businesses, multi-family projects and developed single-family residential lots and homes under construction. The market value of such tracts, homes and lots is related to general economic conditions in the region surrounding the City of Austin, Texas and the national economy and those conditions can affect the demand for commercial tracts and residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "—Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity could tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 20 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of Austin and the nation could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Increase in Costs of Building Materials

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

Rental Homes

The homes being constructed in BB Living at Sweetwater Crossing (approximately 128 townhomes on 22 acres in the District) were constructed by Sweetwater Crossing Build to Rent LLC ("BB Living"), as rental properties. It is anticipated that BB Living will continue to own all of the townhomes constructed in the community and will continue to be among the top of the principal taxpayers. On the 2026 tax roll, such taxpayer represented $36,315,500 or 11.90% of the certified portion ($302,207,970) of the Taxable Assessed Valuation of $305,435,837. See "TAX DATA—Principal Taxpayers." Sweetwater Crossing Build to Rent LLC, as the owner of the homes in BB Living, is responsible for the payment of property taxes, maintenance of the homes and the landscape maintenance of the front yards and the maintenance of the internal private roads within BB Living.

Certain Tax Exemptions Provided for Affordable Housing

A significant percentage of the District's tax base is composed of multi-family development. Certain multi-family housing may be exempt from ad valorem taxation by the District pursuant to Chapter 303 of the Texas Local Government Code (the "PFC Act"), Chapter 392 of the Texas Local Government Code (the "Housing Authority Act"), or Chapter 394 of the Texas Local Government Code (the "HFC Act"), if certain conditions are met.

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not quality for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

The HFC Act provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Public property owned by an HFC, including property for which an HFC holds an equitable interest, is exempt from taxes imposed by the state or any political subdivision of the state, including conservation and reclamation districts such as the District, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Section 394.904(d) (as added by H.B. 21, 89th Texas Legislature, Regular Session) provides in part that, for property acquired by an HFC after May 28, 2025, such ad valorem tax exemptions do not apply to taxes levied by a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. Further, property acquired by an HFC prior to May 28, 2025, may become subject to taxation by a conservation and reclamation district in future tax years unless certain additional requirements are met under the HFC Act. The District is not aware of any public property located within the boundaries of the District that is owned by an HFC.

The Housing Authority Act authorizes cities and counties to create housing authorities to provide safe and sanitary housing for persons of low income within the area of operation of the housing authority. Multi-family property owned by a housing authority, including property for which a housing authority holds an equitable interest, is exempt from all taxes and special assessments of a city, county, the state, or another political subdivision, including conservation and reclamation districts such as the District, if certain conditions are met under the Housing Authority Act. The District is not aware of any public property located within the boundaries of the District that is owned by a housing authority.

Competition

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

The competitive position of the Developers and the builders in Madrone Canyon in the sale of developed tracts and single-family residences within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developers or homebuilders will be implemented or, if implemented, will be successful.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $305,435,837 ($305,207,970 of certified value plus $227,867 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $2,878,661 (2048), and the average annual debt service requirement will be $2,611,427 (2027-2052 inclusive). Assuming no increase or decrease from the 2026 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a tax rate of $1.00 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and $0.90 per $100 taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the average annual debt service requirements. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation will not be adjusted downward prior to certification, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAXING PROCEDURES."

Dependence on Personal Property Tax Collections

Approximately 14.05% ($42,893,099) of the certified portion ($305,207,970) of the 2026 Taxable Assessed Valuation of $305,435,837, is personal property. Most special purpose districts in Texas are not dependent to such an extent on taxes levied on personal property. See "TAX DATA—Tax Roll Information" and "TAXING PROCEDURES—Property Subject to Taxation." An accurate breakdown of the uncertified portion ($227,867) of the 2026 Taxable Assessed Valuation is not available.

Unlike real property, there is no certainty that personal property will remain in the District from year-to-year. Business inventories are portable, and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. However, a lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer. However, the District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation periods is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAXING PROCEDURES."

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $282,201,820 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, wastewater and storm drainage facilities and refunding such bonds, $48,000,000 principal amount of unlimited tax bonds for the purpose of constructing roads and related improvements and refunding such bonds and $39,046,030 principal amount of unlimited tax bonds for the purpose of purchasing and constructing parks and recreational facilities and refunding such bonds has been authorized by voters in the District. After the issuance of the Bonds, the District will have $255,926,820 principal amount of unlimited tax bonds for water, wastewater and storm drainage facilities and refunding such bonds authorized but unissued, $34,565,000 principal amount of unlimited tax bonds for roads and related improvements and refunding such bonds authorized but unissued, and all the unlimited tax bonds authorized for parks and recreational facilities and refunding authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, certain Developers have advanced certain funds for construction of water, wastewater and storm drainage facilities, parks and roads for which they have not been reimbursed. After the reimbursements are made with Bond proceeds, the District will continue to owe WS-COS Entities approximately $15,100,000 for such facilities and will continue to owe Madrone Canyon, LLC approximately $150,000 for water, wastewater and storm drainage facilities. The District intends to issue additional bonds in order to reimburse such Developers.

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue; however, the principal amount of bonds issued to finance parks may not exceed one percent (1%) of the District's certified value, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. The issuance of additional bonds for water, wastewater, and drainage facilities and parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds; however, the issuance of bonds for roads is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

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

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

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

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

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

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ's Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

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

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

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

Marketability of the Bonds

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

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches may be limited.

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds have not been designated "qualified tax-exempt obligations" for financial institutions.

Additional Federal Income Tax Considerations

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "—Tax Exemption" and "—Additional Federal Income Tax Considerations—*Collateral Tax Consequences*" and "—*Tax Legislative Changes*" generally apply and should be considered in connection with the discussion in this portion of the OFFICIAL STATEMENT.

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

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

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

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

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

MUNICIPAL BOND RATING

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

The rating reflects only the view of such organization and the District 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 or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2026 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $505.6 million, $295.6 million and $210.0 million, respectively.

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

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

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

Additional Information Available from BAM

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

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale

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

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided the Travis County Tax Office, and is included herein in reliance upon its authority as an expert in assessing and collecting taxes.

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

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

Auditor: The District's financial statements for the fiscal year ending September 30, 2025, were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A."

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—Water and Wastewater Operations" has been provided by Bott & Douthitt PLLC and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of utility districts.

Updating the Official Statement

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any material adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 25 days after the end of the underwriting period).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its Electronic Municipal Market Access System ("EMMA"). The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "—Estimated Overlapping Debt," "TAX DATA," and "APPENDIX A" (Financial Statement of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2026. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

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

Availability of Information from the MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects; nor has the District agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

Since the District's first issuance of bonds in 2022, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

/s/ Jennifer Brown Emerson
President, Board of Directors

ATTEST:

/s/ Billy Phenix
Assistant Secretary, Board of Directors

AERIAL PHOTOGRAPH

(As of July 2026)

Lazy Nine Municipal
Utility District No. 1A
State Hwy 71
N

PHOTOGRAPHS OF THE DISTRICT

(As of July 2026)

6013

6405 MADRONE TREE LANE
AVAILABLE
52-801-9070

MADRONE CANYON

SURF THRU
EXPRESS CAR WASH

Jeep

COVERT
BEE CAVE
BUICK
GMC

Cadillac

APPENDIX A

Financial Statement of the District for the fiscal year ended September 30, 2025

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1A

TRAVIS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2025

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McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Lazy Nine Municipal Utility District No. 1A
Travis County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lazy Nine Municipal Utility District No. 1A (the "District"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lazy Nine Municipal Utility District No. 1A, as of September 30, 2025, and the respective changes in financial position 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

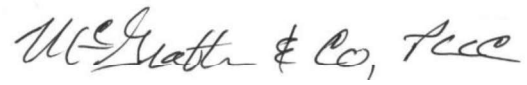
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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



Houston, Texas
February 11, 2026

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Lazy Nine Municipal Utility District No. 1A (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at September 30, 2025, was negative $19,073,401. This amount is negative because the district relies on advances from its developers to fund operating costs and incurs liabilities to construct public roads which it conveys to Travis County. A comparative summary of the District's overall financial position, as of September 30, 2025 **and 2024**, is as follows:

	2025	2024
Current and other assets	$ 4,799,280	$ 4,063,767
Capital assets	20,367,168	18,613,196
Total assets	25,166,448	22,676,963
Current liabilities	2,947,934	2,567,066
Long-term liabilities	41,291,915	39,817,097
Total liabilities	44,239,849	42,384,163
Net position		
Net investment in capital assets	(7,188,710)	(7,786,240)
Restricted	544,039	1,246,157
Unrestricted	(12,428,730)	(13,167,117)
Total net position	$ (19,073,401)	$ (19,707,200)

The total net position of the District increased during the current fiscal year by $633,799. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Utility services	$ 647,542	$ 370,790
Property taxes	2,142,334	1,416,581
Other	278,838	468,968
Total revenues	3,068,714	2,256,339
Expenses		
Current service operations - district facilities	657,625	480,343
Current service operations - joint facilities	203,375	232,093
Developer interest		1,751,120
Debt interest and fees	1,154,297	1,080,994
Debt issuance costs		912,905
Depreciation and amortization	419,618	470,555
Total expenses	2,434,915	4,928,010
Change in net position	633,799	(2,671,671)
Net position, beginning of year	(19,707,200)	(17,035,529)
Net position, end of year	$ (19,073,401)	$ (19,707,200)

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2025, were $2,400,513, which consists of $1,778,564 in the General Fund, $633,978 in the Debt Service Fund, and negative $12,029 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2025 **and 2024**, is as follows:

	2025	2024
Total assets	$ 4,109,557	$ 2,685,872
Total liabilities	$ 2,329,679	$ 2,039,061
Total deferred inflows	1,314	1,869
Total fund balance	1,778,564	644,942
Total liabilities, deferred inflows and fund balance	$ 4,109,557	$ 2,685,872

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 2,176,215	$ 1,534,797
Total expenditures	(1,867,773)	(1,596,526)
Revenues over/(under) expenditures	308,442	(61,729)
Other changes in fund balance	825,180	277,854
Net change in fund balance	$ 1,133,622	$ 216,125

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, tap connection fees charged to homebuilders in the District and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Water and sewer service revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.
- The District's developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of September 30, 2025 **and 2024**, is as follows:

	2025	2024
Total assets	$ 648,731	$ 1,338,674
Total liabilities	$ 13,981	$ -
Total deferred inflows	772	1,381
Total fund balance	633,978	1,337,293
Total liabilities, deferred inflows and fund balance	$ 648,731	$ 1,338,674

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 891,892	$ 715,719
Total expenditures	(1,595,207)	(1,216,128)
Revenues under expenditures	(703,315)	(500,409)
Other changes in fund balance		1,166,125
Net change in fund balance	$ (703,315)	$ 665,716

The District's financial resources in the Debt Service Fund in the current year are from property tax revenues. During the previous fiscal year, financial resources were from property tax revenues and capitalized interest from the sale of bonds. The difference between these financial resources and debt service requirements resulted in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2025 **and 2024**, is as follows:

	2025	2024
Total assets	$ 40,992	$ 39,221
Total liabilities	$ 53,021	$ -
Total fund balance	(12,029)	39,221
Total liabilities and fund balance	$ 40,992	$ 39,221

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	$ 1,771	$ 2,573
Total expenditures	(53,021)	(10,378,468)
Revenues under expenditures	(51,250)	(10,375,895)
Other changes in fund balance		10,477,683
Net change in fund balance	$ (51,250)	$ 101,788

The District did not have any significant capital asset activity in the current year. During the previous fiscal year, capital asset activity was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $105,977 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at September 30, 2025 **and 2024**, are summarized as follows:

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 2,521,456	$ 1,667,578
Construction in progress	1,001,891	591,896
	3,523,347	2,259,474
Capital assets being depreciated/amortized		
Interest in joint facilities	5,643,013	5,109,451
Infrastructure	12,743,900	12,743,900
Other facilities	58,791	264,506
Impact fees	1,902,646	1,320,776
	20,348,350	19,438,633
Less accumulated depreciation/amortization		
Interest in joint facilities	(1,387,393)	(1,267,729)
Infrastructure	(1,913,070)	(1,603,233)
Other facilities	(58,791)	(117,308)
Impact fees	(145,275)	(96,641)
	(3,504,529)	(3,084,911)
Depreciable capital assets, net	16,843,821	16,353,722
Capital assets, net	$ 20,367,168	$ 18,613,196

Capital asset additions during the current fiscal year include the following:

- Tap meters
- Sewage grinder pumps
- Wastewater Treatment Plant Phase 1 – repairs and upgrades
- Texas Land Application Permits Phase I irrigation fields
- Water impact fees/grinder pump fees

The District's construction in progress is for the construction of the Texas Land Application Permits, Phase I irrigation project.

Long-Term Debt and Related Liabilities

As of September 30, 2025, the District owes approximately $20,596,915 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $2,570,000 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At September 30, 2025 **and 2024**, the District had total bonded debt outstanding as shown below:

Series	2025	2024
2022 Road	$ 9,120,000	$ 9,315,000
2023	12,035,000	12,275,000
	$ 21,155,000	$ 21,590,000

At September 30, 2025, the District had $269,926,820 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $39,046,030 for parks and recreational facilities and the refunding of such bonds; and $38,500,000 for road improvements and the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $41,554,000 for the 2025 tax year from $214,233,377 to $255,787,467. This increase was primarily due to increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of $0.36 per $100 of assessed value; a water, sewer, and drainage debt service tax rate of $0.38 per $100 of assessed value; and a road debt service tax rate of $0.26 for a total combined tax rate of $1.00 per $100 of assessed value. Tax rates for the 2024 tax year were $0.63 per $100 for maintenance and operations, $0.25 per $100 for water, sewer, and drainage debt service, and $0.12 per $100 for road debt service for a combined total of $1.00 per $100 of assessed value.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	2025 Actual	2026 Budget
Total revenues	$ 2,176,215	$ 1,615,787
Total expenditures	(1,867,773)	(831,566)
Revenues over expenditures	308,442	784,221
Other changes in fund balance	825,180	
Net change in fund balance	1,133,622	784,221
Beginning fund balance	644,942	1,778,564
Ending fund balance	$ 1,778,564	$ 2,562,785

Basic Financial Statements

Lazy Nine Municipal Utility District No. 1A
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 386,147	$ -	$ -	$ 386,147
Investments	1,957,279	647,959	40,992	2,646,230
Taxes receivable	1,314	772		2,086
Customer service receivables, net	167,028			167,028
Interfund receivables	67,002			67,002
Due from other governments	1,388,127			1,388,127
Other receivables	142,660			142,660
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 4,109,557	$ 648,731	$ 40,992	$ 4,799,280
Liabilities				
Accounts payable	1,359,172			1,359,172
Retainage payable	150,744			150,744
Accrued expenses	460,273			460,273
Other payables	2,526			2,526
Customer deposits	65,350			65,350
Unearned revenue	285,500			285,500
Due to other governments	6,114			6,114
Interfund payables		13,981	53,021	67,002
Accrued interest payable				
Due to developer				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	2,329,679	13,981	53,021	2,396,681
Deferred Inflows of Resources				
Deferred property taxes	1,314	772		2,086
Fund Balances/Net Position				
Fund Balances				
Restricted		633,978		633,978
Unassigned	1,778,564		(12,029)	1,766,535
Total Fund Balances	1,778,564	633,978	(12,029)	2,400,513
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,109,557	$ 648,731	$ 40,992	$ 4,799,280
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 386,147
	2,646,230
	2,086
	167,028
	67,002
	1,388,127
	142,660
3,523,347	3,523,347
16,843,821	16,843,821
20,367,168	25,166,448
	1,359,172
	150,744
	460,273
	2,526
	65,350
	285,500
	6,114
	67,002
91,253	91,253
20,596,915	20,596,915
460,000	460,000
20,695,000	20,695,000
41,843,168	44,239,849
(2,086)	
(633,978)	
(1,766,535)	
(2,400,513)	
(7,188,710)	(7,188,710)
544,039	544,039
(12,428,730)	(12,428,730)
$ (19,073,401)	$ (19,073,401)

Lazy Nine Municipal Utility District No. 1A
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Utility services	$ 647,542	$ -	$ -	$ 647,542
Property taxes	1,350,225	793,273		2,143,498
Penalties and interest	12,835	3,429		16,264
Tap connection and inspection	39,800			39,800
Miscellaneous	41,543	19,406		60,949
Investment earnings	84,270	75,784	1,771	161,825
Total Revenues	2,176,215	891,892	1,771	3,069,878
Expenditures/Expenses				
Current service operations				
District facilities				
Professional fees	419,736		53,021	472,757
Contracted services	77,748	4,158		81,906
Repairs and maintenance	73,903			73,903
Administrative	19,347			19,347
Other	9,712			9,712
Joint facilities				
Purchased services	86,414			86,414
Professional fees	1,887			1,887
Contracted services	34,094			34,094
Repairs and maintenance	58,004			58,004
Administrative	6,764			6,764
Other	16,212			16,212
Capital outlay	1,063,952			1,063,952
Debt service				
Principal		435,000		435,000
Interest and fees		1,156,049		1,156,049
Depreciation and amortization				
Total Expenditures/Expenses	1,867,773	1,595,207	53,021	3,516,001
Revenues Over/(Under) Expenditures	308,442	(703,315)	(51,250)	(446,123)
Other Financing Sources				
Developer advances	746,463			746,463
Other Items				
Insurance proceeds	78,717			78,717
Net Change in Fund Balances	1,133,622	(703,315)	(51,250)	379,057
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	644,942	1,337,293	39,221	2,021,456
End of the year	$ 1,778,564	$ 633,978	$ (12,029)	$ 2,400,513

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 647,542
(1,164)	2,142,334
	16,264
	39,800
	60,949
	161,825
(1,164)	3,068,714
	472,757
	81,906
	73,903
	19,347
	9,712
	86,414
	1,887
	34,094
	58,004
	6,764
	16,212
(1,063,952)	
(435,000)	
(1,752)	1,154,297
419,618	419,618
(1,081,086)	2,434,915
446,123	
(746,463)	
(78,717)	
(379,057)	
633,799	633,799
(21,728,656)	(19,707,200)
$ (21,473,914)	$ (19,073,401)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Lazy Nine Municipal Utility District No. 1A (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

Lazy Nine Municipal Utility District was created by a special act of the 78th Legislature of the State of Texas, Regular Session, Acts 2003, H.B. No. 3565 pursuant to a confirmation election held on May 7, 2005, in accordance with Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water code, Chapters 49 and 54. On November 6, 2007, voters of Lazy Nine Municipal Utility District approved a proposition dividing the existing Lazy Nine Municipal Utility District into five Districts: the District, Lazy Nine Municipal Utility District No. 1B (MUD 1B), Lazy Nine Municipal Utility District No. 1C (MUD 1C), Lazy Nine Municipal Utility District No. 1D (MUD 1D), and Lazy Nine Municipal Utility District No. 1E (MUD 1E). The land within MUD 1E was sold and is no longer part of the development. In 2012, the boundaries of the remaining districts were altered so that the District and MUD 1B are two roughly equivalent adjacent district: and MUD 1C and MUD 1D are small formant districts with no active development.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities, and road improvements.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset unless a legal right of offset exists. At September 30, 2025, allowances of $44,000 were provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Unbilled Service Revenues

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	5-45 years
Interest in joint facilities	20-45 years
Other facilities	20 years
Impact fees	40 years

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions

approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 2,400,513
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 23,871,697	
Less accumulated depreciation/amortization	(3,504,529)	
		20,367,168
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Accrued interest payable	(91,253)	
Due to developer	(20,596,915)	
Bonds payable	(21,155,000)	
		(41,843,168)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		2,086
Total net position - governmental activities		$ (19,073,401)

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$	379,057
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes.			(1,164)
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:			
Capital outlays	$ 1,063,952		
Depreciation/amortization expense	(419,618)		
Insurance proceeds	(78,717)		
			565,617
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:			
Developer advances	(746,463)		
Principal payments	435,000		
Interest expense accrual	1,752		
			(309,711)
Change in net position of governmental activities		$	633,799

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code)

requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of September 30, 2025, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 1,957,279		
	Debt Service	647,959		
	Capital Projects	40,992		
		$ 2,646,230	AAAm	44 days

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) 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.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2025, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 13,981	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	53,021	Professional fees paid by the General Fund

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2025, is as follows:

	Beginning Balances	Increases/ Decreases	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 1,667,578	$ 853,878	$ 2,521,456
Construction in progress	591,896	409,995	1,001,891
	2,259,474	1,263,873	3,523,347
Capital assets being depreciated/amortized			
Interest in joint facilities	5,109,451	533,562	5,643,013
Infrastructure	12,743,900		12,743,900
Other facilities	264,506	(205,715)	58,791
Impact fees	1,320,776	581,870	1,902,646
	19,438,633	909,717	20,348,350
Less accumulated depreciation/amortization			
Interest in joint facilities	(1,267,729)	(119,664)	(1,387,393)
Infrastructure	(1,603,233)	(309,837)	(1,913,070)
Other facilities	(117,308)	58,517	(58,791)
Impact fees	(96,641)	(48,634)	(145,275)
	(3,084,911)	(419,618)	(3,504,529)
Subtotal depreciable capital assets, net	16,353,722	490,099	16,843,821
Capital assets, net	$ 18,613,196	$ 1,753,972	$ 20,367,168

Depreciation/amortization expense for the current fiscal year was $419,618.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developer, beginning of year	$ 18,662,097
Developer funded construction and adjustments	1,188,355
Operating advances from developer	746,463
Due to developer, end of year	$ 20,596,915

In addition, the District will owe the developers approximately $2,570,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Texas Land Application Permits irrigation system, Phase 1	$ 1,830,000
Sweetwater Crossing roadway improvements	740,000
	$ 2,570,000

* District's share of reimbursable amounts rounded to the nearest $10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 21,155,000
Due within one year	$ 460,000

The District's bonds payable at September 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2022 Road	$ 9,120,000	$ 9,500,000	5.00% - 5.40%	September 1, 2024 - 2048	March 1, September 1,	September 1, 2029
2023	12,035,000	12,275,000	5.00% - 5.625%	September 1, 2025 - 2049	March 1, September 1,	September 1, 2030
	$ 21,155,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment

of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

At September 30, 2025, the District had authorized but unissued bonds in the amount of $269,926,820 for water, sewer and drainage facilities and the refunding of such bonds; $39,046,030 for park and recreational facilities and the refunding of such bonds; and $38,500,000 for road improvements and the refunding of such bonds.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	$ 21,590,000
Bonds retired	(435,000)
Bonds payable, end of year	$ 21,155,000

As of September 30, 2025, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2026	$ 460,000	$ 1,132,799	$ 1,592,799
2027	485,000	1,109,799	1,594,799
2028	510,000	1,085,549	1,595,549
2029	540,000	1,060,049	1,600,049
2030	570,000	1,033,049	1,603,049
2031	600,000	1,004,549	1,604,549
2032	635,000	974,136	1,609,136
2033	670,000	941,949	1,611,949
2034	705,000	907,986	1,612,986
2035	745,000	871,761	1,616,761
2036	790,000	833,486	1,623,486
2037	830,000	792,899	1,622,899
2038	875,000	748,655	1,623,655
2039	925,000	706,012	1,631,012
2040	975,000	652,174	1,627,174
2041	1,025,000	598,980	1,623,980
2042	1,080,000	543,049	1,623,049
2043	1,145,000	483,390	1,628,390
2044	1,205,000	420,143	1,625,143
2045	1,270,000	353,576	1,623,576
2046	1,345,000	283,421	1,628,421
2047	1,415,000	209,126	1,624,126
2048	1,490,000	130,961	1,620,961
2049	865,000	48,656	913,656
	$ 21,155,000	$ 16,926,154	$ 38,081,154

Note 8 – Property Taxes

On May 12, 2012, the voters of the District authorized the Board to levy an unlimited tax for all facilities authorized under Article XVI of the Texas Constitution and an operations tax limited to $1.20 per $100 of assessed value. On November 6, 2012, the voters of the District authorized the District's Board of Directors to levy an unlimited tax for road facilities and a tax for use in operating and maintaining road limited to $0.25 per $100 of assessed value

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $1.00 per $100 of assessed value, of which $0.63 was allocated to maintenance and operations, $0.25 was allocated to water, sewer and drainage debt service and $0.12 was allocated to road debt service. The resulting tax levy was $2,142,334 on the adjusted taxable value of $214,233,377.

Note 9 – Water Utility Facilities Acquisition, Construction and Service Agreement

On October 13, 2005, Lazy Nine Municipal Utility District, the Lower Colorado River Authority (LCRA), and a developer entered into a Water Utility Facilities Acquisition, Construction and Service Agreement. This agreement was assigned to the West Travis County Public Utility Agency (PUA) effective March 19, 2012, as accepted by the District on December 30, 2013. The District's rights and responsibilities of this Agreement are shared with MUD 1B per the Joint Facilities Agreement described in Note 11. Under the terms of the agreement, the PUA will provide wholesale water service to serve 2,400 Living Unit Equivalents in the District and in MUD 1B and the District agrees to share in the costs of storage facilities. The parties entered into a Second Amendment to the Agreement on September 18, 2014, whereby the parties agreed the PUA will reimburse the District an amount of $3,713,295 for the Delivery Facilities in incremental amounts as connections are made to the water system. The District has assigned its rights to the reimbursement to the developer.

Note 10 – Raw Water Supply Agreement with Lower Colorado River Authority

Effective February 16, 2009, as amended on March 4, 2019, the District entered into a Firm Water Contract with the LCRA for raw water supply from any source available to the LCRA. The term of the agreement is for 40 years. The District's rights and responsibilities pursuant to this Firm Water Contract are shared with MUD 1B per the Joint Facilities Agreement described in Note 11.

The District is entitled to maximum annual quantity of 973.81 acre-feet of raw water and is required to pay for this water, regardless of whether the District uses any of the water. For the year ended September 30, 2025, the District paid $3,957 in water reservation fees in accordance with this agreement.

Note 11 – Joint Facilities Agreement

On June 20, 2012, the District and MUD 1B entered into a Joint Facilities Agreement, subsequently amended, whereby each district agrees to a share the cost for the financing and operation of joint water supply facilities, a joint wastewater treatment plant facility, and certain other water distribution and sanitary sewer collection facilities that serve the areas within both districts. The District will hold title to the wastewater treatment plant, joint trunk facilities and lift station with each district owning equitable interest based on the pro-rata share of connections. The District will be responsible for the maintenance and operation of the wastewater treatment plant, joint trunk facilities and lift station and will continue to construct, own and operate all future regional facilities.

Each district will finance, own and operate their respective internal water, sanitary sewer and storm sewer systems. The District and MUD 1B will own an equitable interest in water purchased from West Travis County Public Utility Agency and will share in the costs associated with future expansion and capital water supply costs.

The Joint Facilities Agreement was amended on January 21, 2015, and April 15, 2015. As a result of the amendments, the District's pro-rata share decreased from 51% to 31.25% (based on 750 projected ultimate connections in the District and 1,650 projected ultimate connections for MUD 1B).

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 13 – Economic Dependency

The District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 14 – Subsequent Events

On December 18, 2025, the District issued its $6,000,000 Series 2025 Unlimited Tax Bonds at a net effective rate of 4.641202%. Proceeds from the bonds were used (1) to reimburse developers for the following: the construction of capital assets within the District; engineering, and other costs associated with the construction of capital assets and the acquisition of land for certain District facilities; (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

Additionally, on February 11, 2026, the District approved the sale of its $3,935,000 Series 2026 Unlimited Tax Road Bonds at a net effective rate of 4.462880%. Proceeds from the bonds will be used to reimburse the District's developers for road improvements in the District.

Required Supplementary Information

Lazy Nine Municipal Utility District No. 1A
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Utility services	$ 389,184	$ 647,542	$ 258,358
Property taxes	1,322,060	1,350,225	28,165
Penalties and interest	7,784	12,835	5,051
Tap connection and inspection	180,600	39,800	(140,800)
Miscellaneous	16,800	41,543	24,743
Investment earnings	9,000	84,270	75,270
Total Revenues	1,925,428	2,176,215	250,787
Expenditures			
Current service operations			
District facilities			
Professional fees	268,000	419,736	(151,736)
Contracted services	155,900	77,748	78,152
Repairs and maintenance	76,127	73,903	2,224
Administrative	18,374	19,347	(973)
Other	16,381	9,712	6,669
Joint facilities			
Purchased services	112,932	86,414	26,518
Professional fees	18,750	1,887	16,863
Contracted services	29,331	34,094	(4,763)
Repairs and maintenance	51,958	58,004	(6,046)
Administrative	9,375	6,764	2,611
Other	19,918	16,212	3,706
Capital outlay	250,000	1,063,952	(813,952)
Total Expenditures	1,027,046	1,867,773	(840,727)
Revenues Over Expenditures	898,382	308,442	(589,940)
Other Financing Sources			
Developer advances	262,500	746,463	483,963
Other Items			
Insurance proceeds		78,717	
Net Change in Fund Balance	1,160,882	1,133,622	(105,977)
Fund Balance			
Beginning of the year	644,942	644,942	
End of the year	$ 1,805,824	$ 1,778,564	$ (105,977)

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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Texas Supplementary Information

Lazy Nine Municipal Utility District No. 1A
TSI-1. Services and Rates
September 30, 2025

1. Services provided by the District During the Fiscal Year:

[X] Retail Water	[ ] Wholesale Water	[ ] Solid Waste / Garbage	[X] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[X] Irrigation
[X] Parks / Recreation	[ ] Fire Protection	[X] Roads	[ ] Security

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): _____

2. Retail Service Providers:

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 30.17	N/A	N	$ 4.88	0	to	10,000
				$ 7.32	10,001	to	20,000
				$ 11.73	20,001	to	30,000
				$ 15.63	30,001	to	40,000
				$ 19.54	40,001	to	no limit
Wastewater:	$ -	N/A	N	$ 4.70	0	to	no limit

District employs winter averaging for wastewater usage? [X] Yes [ ] No

Total charges per 10,000 gallons usage: Water $ 78.97 Wastewater $ 47.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	6	6	x 1.0	6
1"	23	23	x 2.5	58
1.5"	4	4	x 5.0	20
2"	16	16	x 8.0	128
3"	3	3	x 15.0	45
4"			x 25.0	
6"	4	4	x 50.0	200
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	57	57		537
Total Wastewater	36	36	x 1.0	36

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons purchased:	51,994,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	50,441,000	97.01%

4. Standby Fees (authorized only under TWC Section 49.231):

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

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District:

Is the District located entirely within one county? Yes [X] No [ ]

County(ies) in which the District is located: Travis County

Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

City(ies) in which the District is located: _____

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

Entirely [X] Partly [ ] Not at all [ ]

ETJs in which the District is located: City of Bee Cave

Are Board members appointed by an office outside the district? Yes [ ] No [X]

If Yes, by whom? _____

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2025

Current service operations - district facilities	
Professional fees	
Legal	$ 290,477
Audit	17,000
Engineering	112,259
	419,736
Contracted services	
Bookkeeping	21,878
Consulting	600
Tap connection and inspection	55,270
	77,748
Repairs and maintenance	73,903
Administrative	
Directors fees	9,282
Other	10,065
	19,347
Other	9,712
Current service operations - joint facilities	
Purchased services	86,414
Professional fees	1,887
Contracted services	
Operator	34,094
Repairs and maintenance	58,004
Administrative	
Insurance	6,764
Other	16,212
Capital outlay	1,063,952
Total expenditures	$ 1,867,773

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-3. Investments
September 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 1,957,279
Debt Service			
TexPool	Variable	N/A	21,037
TexPool	Variable	N/A	276,056
TexPool	Variable	N/A	350,866
			647,959
Capital Projects			
TexPool	Variable	N/A	2,002
TexPool	Variable	N/A	38,990
			40,992
Total - All Funds			$ 2,646,230

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-4. Taxes Levied and Receivable
September 30, 2025

	Maintenance Taxes	Road Debt Service Taxes	WSD Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 1,869	$ -	$ 1,381	$ 3,250
2024 Original Tax Levy	1,299,190	247,465	515,552	2,062,207
Adjustments	50,480	9,615	20,032	80,127
Adjusted Tax Levy	1,349,670	257,080	535,584	2,142,334
Total to be accounted for	1,351,539	257,080	536,965	2,145,584
Tax collections:				
Current year	1,348,356	256,830	535,062	2,140,248
Prior years	1,869		1,381	3,250
Total Collections	1,350,225	256,830	536,443	2,143,498
Taxes Receivable, End of Year	$ 1,314	$ 250	$ 522	$ 2,086
Taxes Receivable, By Years				
2024	$ 1,314	$ 250	$ 522	$ 2,086

	2024	2023	2022	2021
Property Valuations:				
Land	$ 89,117,308	$ 76,539,519	$ 51,675,070	$ 27,892,067
Improvements	114,075,617	69,011,888	793,176	91,839
Personal Property	24,625,654	8,926,535	48,366	53,398
Exemptions	(13,585,202)	(12,819,807)	(7,167,068)	(6,812,003)
Total Property Valuations	$ 214,233,377	$ 141,658,135	$ 45,349,544	$ 21,225,301
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.63	$ 0.575	$ 1.00	$ 1.00
WSD debt service tax rates	0.25	0.425		
Road debt service tax rates	0.12			
Total Tax Rates per $100 Valuation	$ 1.00	$ 1.000	$ 1.00	$ 1.00
Adjusted Tax Levy:	$ 2,142,334	$ 1,416,581	$ 453,495	$ 212,253
Percentage of Taxes Collected to Taxes Levied **	99.90%	100.00%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.20 on May 12, 2012
* Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 6, 2012

** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 205,000	$ 476,330	$ 681,330
2027	220,000	466,080	686,080
2028	230,000	455,080	685,080
2029	245,000	443,580	688,580
2030	255,000	431,330	686,330
2031	270,000	418,580	688,580
2032	285,000	405,080	690,080
2033	300,000	390,830	690,830
2034	315,000	375,830	690,830
2035	335,000	360,080	695,080
2036	355,000	343,330	698,330
2037	375,000	325,580	700,580
2038	395,000	306,361	701,361
2039	415,000	290,118	705,118
2040	440,000	264,330	704,330
2041	460,000	241,230	701,230
2042	485,000	217,080	702,080
2043	515,000	190,890	705,890
2044	540,000	163,080	703,080
2045	570,000	133,920	703,920
2046	605,000	103,140	708,140
2047	635,000	70,470	705,470
2048	670,000	36,180	706,180
	$ 9,120,000	$ 6,908,509	$ 16,028,509

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 255,000	$ 656,469	$ 911,469
2027	265,000	643,719	908,719
2028	280,000	630,469	910,469
2029	295,000	616,469	911,469
2030	315,000	601,719	916,719
2031	330,000	585,969	915,969
2032	350,000	569,056	919,056
2033	370,000	551,119	921,119
2034	390,000	532,156	922,156
2035	410,000	511,681	921,681
2036	435,000	490,156	925,156
2037	455,000	467,319	922,319
2038	480,000	442,294	922,294
2039	510,000	415,894	925,894
2040	535,000	387,844	922,844
2041	565,000	357,750	922,750
2042	595,000	325,969	920,969
2043	630,000	292,500	922,500
2044	665,000	257,063	922,063
2045	700,000	219,656	919,656
2046	740,000	180,281	920,281
2047	780,000	138,656	918,656
2048	820,000	94,781	914,781
2049	865,000	48,656	913,656
	$ 12,035,000	$ 10,017,645	$ 22,052,645

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2025

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 460,000	$ 1,132,799	$ 1,592,799
2027	485,000	1,109,799	1,594,799
2028	510,000	1,085,549	1,595,549
2029	540,000	1,060,049	1,600,049
2030	570,000	1,033,049	1,603,049
2031	600,000	1,004,549	1,604,549
2032	635,000	974,136	1,609,136
2033	670,000	941,949	1,611,949
2034	705,000	907,986	1,612,986
2035	745,000	871,761	1,616,761
2036	790,000	833,486	1,623,486
2037	830,000	792,899	1,622,899
2038	875,000	748,655	1,623,655
2039	925,000	706,012	1,631,012
2040	975,000	652,174	1,627,174
2041	1,025,000	598,980	1,623,980
2042	1,080,000	543,049	1,623,049
2043	1,145,000	483,390	1,628,390
2044	1,205,000	420,143	1,625,143
2045	1,270,000	353,576	1,623,576
2046	1,345,000	283,421	1,628,421
2047	1,415,000	209,126	1,624,126
2048	1,490,000	130,961	1,620,961
2049	865,000	48,656	913,656
	$ 21,155,000	$ 16,926,154	$ 38,081,154

See accompanying auditor's report.

Lazy Nine Municipal Utility District No. 1A
TSI-6. Change in Long-Term Bonded Debt
September 30, 2025

	Bond Issue		
	Series 2022 Road	Series 2023	Totals
Interest rate	5.00% - 5.40%	5.00% - 5.625%	
Dates interest payable	3/1; 9/1	3/1; 9/1	
Maturity dates	9/1/24 - 9/1/48	9/1/25 - 9/1/49	
Beginning bonds outstanding	$ 9,315,000	$ 12,275,000	$ 21,590,000
Bonds retired	(195,000)	(240,000)	(435,000)
Ending bonds outstanding	$ 9,120,000	$ 12,035,000	$ 21,155,000
Interest paid during fiscal year	$ 486,080	$ 668,469	$ 1,154,549
Paying agent's name and city			
All Series	Bank of New York Mellon Trust Co., N.A., Dallas, Texas		

Bond Authority:	Water, Sewer and Drainage Bonds	Park and Recreational Bonds	Road Bonds
Amount Authorized by Voters	$ 282,201,820	$ 39,046,030	$ 48,000,000
Amount Issued	(12,275,000)		(9,500,000)
Remaining To Be Issued	$ 269,926,820	$ 39,046,030	$ 38,500,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of September 30, 2025:	$ 647,959
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,586,715

See accompanying auditor's report.

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Lazy Nine Municipal Utility District No. 1A
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Utility services	$ 647,542	$ 370,790	$ 348,808	$ 165,409	$ 70,606
Property taxes	1,350,225	812,665	453,495	212,253	206,913
Penalties and interest	12,835	13,975	2,404		
Tap connection and inspection	39,800	286,560	85,500	25,345	120,196
Miscellaneous	41,543	17,622	19,000	17,100	2,775
Investment earnings	84,270	33,185	14,936	1,162	
Total Revenues	2,176,215	1,534,797	924,143	421,269	400,490
Expenditures					
Current service operations					
District facilities					
Professional fees	419,736	264,185	205,909	245,013	163,744
Contracted services	77,748	65,390	97,012	28,257	26,425
Repairs and maintenance	73,903	118,415	62,594	51,519	1,200
Administrative	19,347	19,633	12,142	7,923	8,369
Other	9,712	9,483	8,263	14,183	226
Joint facilities					
Purchased services	86,414	72,971	46,159	16,969	3,612
Professional fees	1,887	15,282	11,203	52,056	11,288
Contracted services	34,094	23,246	11,011	2,889	722
Repairs and maintenance	58,004	47,937	22,875	29,904	62,902
Lease expense		35,984	25,703		
Administrative	6,764	6,614	7,244	7,012	7,226
Other **	16,212	13,281	16,663	14,358	11,736
Capital outlay	1,063,952	904,105			
Debt service					
Lease - principal			39,346	63,088	57,965
Lease - interest			1,123	6,287	11,410
Total Expenditures	1,867,773	1,596,526	567,247	539,458	366,825
Revenues Over/(Under) Expenditures	308,442	(61,729)	356,896	(118,189)	33,665
Other Financing Sources					
Developer advances	746,463	277,854	64,250	84,053	69,375
Other Items					
Insurance proceeds	78,717				
Net Change in Fund Balance	1,133,622	216,125	421,146	(34,136)	103,040
Fund Balance, Beginning of the year	644,942	428,817	7,671	41,807	(61,233)
End of the year	$ 1,778,564	$ 644,942	$ 428,817	$ 7,671	$ 41,807

*Percentage is negligible
**Includes expenditures previously reported as utilities and water reservation fees in FYEs 2021-2024
See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
30%	24%	38%	40%	17%
61%	53%	49%	50%	52%
1%	1%	*		
2%	19%	9%	6%	30%
2%	1%	2%	4%	1%
4%	2%	2%	*	
100%	100%	100%	100%	100%
19%	17%	22%	58%	41%
4%	4%	10%	7%	7%
3%	8%	7%	12%	*
1%	1%	1%	2%	2%
*	1%	1%	3%	*
4%	5%	5%	4%	1%
*	1%	1%	12%	3%
2%	2%	1%	1%	*
3%	3%	2%	7%	16%
	2%	3%		
*	*	1%	2%	2%
1%	1%	2%	3%	3%
49%	59%			
		4%	15%	14%
		*	1%	3%
86%	104%	60%	127%	92%
14%	(4%)	40%	(27%)	8%

Lazy Nine Municipal Utility District No. 1A
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2025	2024	2023
Revenues			
Property taxes	$ 793,273	$ 600,666	$ -
Penalties and interest	3,429	3,286	
Miscellaneous	19,406	6,077	
Investment earnings	75,784	105,690	34,528
Total Revenues	891,892	715,719	34,528
Expenditures			
Tax collection services	4,158	3,237	
Debt service			
Principal	435,000	185,000	
Interest and fees	1,156,049	1,027,891	353,611
Total Expenditures	1,595,207	1,216,128	353,611
Revenues Under Expenditures	(703,315)	(500,409)	(319,083)
Other Financing Sources			
Proceeds from sale of bonds		1,166,125	990,660
Net Change in Fund Balance	(703,315)	665,716	671,577
Fund Balance, Beginning of the year	1,337,293	671,577	-
End of the year	$ 633,978	$ 1,337,293	$ 671,577
Total Active Retail Water Connections	57	58	44
Total Active Retail Wastewater Connections	36	36	24

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024	2023
90%	84%	-%
*	*	
2%	1%	
8%	15%	-
100%	100%	-
*	*	
49%	26%	
130%	144%	-
179%	170%	-
(79%)	(70%)	-%

Lazy Nine Municipal Utility District No. 1A
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2025

Complete District Mailing Address:	919 Congress Avenue, Suite 1500, Austin, Texas 78701
District Business Telephone Number:	512-518-2424
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 14, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Jennifer B. Emerson	05/24 - 05/28	$ 2,210	$ -	President
Felicia Wright	05/22 - 05/26	1,326		Vice President
Lee Combs	05/22 - 05/26	2,431		Secretary
Billy Phenix	05/24 - 05/28	1,326		Assistant Secretary
Rick Castleberry	05/24 - 05/28	1,989		Asst. Vice President /Asst. Secretary
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	2012			Attorney
General legal fees		$ 279,692		
Crossroads Utility Services, LLC	2014	895,729		Operator
Bott & Douthitt PLLC	2008	22,319		Bookkeeper
Travis County Tax Assessor/Collector	2003			Tax Collector
Travis Central Appraisal District	Legislation	10,822		Property Valuation
Malone Wheeler, Inc.	2003	193,565		Engineer
McGrath & Co., PLLC	2011	17,000		Auditor
Masterson Advisors LLC	2018			Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

See accompanying auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: $_____
Member Surplus Contribution: $ _____
Total Insurance Payment: $_____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)

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