This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2026

This PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.

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

NEW ISSUE-Book-Entry-Only

Underlying Rating: Moody's "Baa2"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

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

$3,635,000
UNLIMITED TAX BONDS
SERIES 2026

The bonds described above (the "Bonds") are obligations solely of Comal County Water Improvement District No. 1A (the "District") and are not obligations of the State of Texas, Comal County, the City of New Braunfels, the Master District (as defined herein) 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 INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated: December 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. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about December 22, 2026) (the "Date of Delivery"), and is payable each September 1 and March 1, commencing September 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 and delivered only in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as herein defined) 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."

MATURITY SCHEDULE

Principal Amount(a)	Maturity (March 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(b)	Principal Amount(a)	Maturity (March 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(b)
$ 80,000	2028		%	%	$ 145,000	2040 (d)		%	%
85,000	2029				155,000	2041 (d)			
90,000	2030				160,000	2042 (d)			
95,000	2031				170,000	2043 (d)			
100,000	2032				180,000	2044 (d)			
105,000	2033 (d)				185,000	2045 (d)			
110,000	2034 (d)				195,000	2046 (d)			
115,000	2035 (d)				205,000	2047 (d)			
120,000	2036 (d)				220,000	2048 (d)			
125,000	2037 (d)				230,000	2049 (d)			
130,000	2038 (d)				240,000	2050 (d)			
140,000	2039 (d)				255,000	2051 (d)			

(a) The Underwriter (as herein defined) may designate one or more maturities as term bonds. See accompanying "OFFICIAL NOTICE OF SALE."
(b) 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.
(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(d) 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. See "THE BONDS—Redemption Provisions."

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

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

Bids Due: Tuesday, December 1, 2026, at 9:15 A.M., Central Time in New Braunfels, Texas
Bid Award: Tuesday, December 1, 2026, at 10:30 A.M., Central Time in New Braunfels, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an OFFICIAL STATEMENT with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, 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, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefor.

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 THE OFFICIAL STATEMENT—Updating the OFFICIAL STATEMENT."

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 _____ (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of _____% of the par value thereof which resulted in a net effective interest rate of_____% as calculated pursuant to Chapter 1204, Texas Government Code (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 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 municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the more 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...

Comal County Water Improvement District No. 1A (the "District") is a political subdivision of the State of Texas. The District was created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating Comal County Master Water Improvement District, Comal County Water Improvement District No. 1A, and Comal County Water Improvement District No. 1B, dated August 11, 2017, and Appointing Directors, in accordance with and pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code (the "Act"), effective June 19, 2009, creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and operating pursuant to Chapters 49 and 51, Texas Water Code, as amended. The District currently includes approximately 488 acres of land. See "THE DISTRICT."

Location...

The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Oak Run Parkway, approximately one mile east of Texas State Highway 46 and north of Texas State Highway Loop 337, which provides access to the City of New Braunfels. See "THE DISTRICT" and "AERIAL LOCATION MAP."

Veramendi...

The District is a part of the approximate 2,445-acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: The District, Comal County Master Water Improvement District (the "Master District"), Comal County Water Improvement District No. 1B ("WID 1B") Comal County Water Improvement District No. 1C ("WID 1C"), Comal County Water Improvement District No. 1D ("WID 1D"), Comal County Water Improvement District No. 1E ("WID 1E"), and Comal County Water Improvement District No. 1F ("WID 1F"). The District, WID 1B, WID 1C, WID 1D, WID 1E, WID 1F, and the Master District are collectively referred to as, the "Veramendi Districts." Each of the Veramendi Districts has authority to provide water, wastewater, and drainage facilities as provided by general law and Article XVI, Section 59, Texas Constitution. Each of the Veramendi Districts except the Master District has the authority to provide road facilities as provided by general law and Article III, Section 52, Texas Constitution. See "THE DISTRICT—Status of Development."

The Developer…

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the "Landowner"), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 849 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development.

The developer of the Service Area (defined herein), Veramendi Development Company, LLC, a Texas limited liability company, ("VDCo") has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald, LLC, Veramendi PE-Gold Coast, LLC, and Veramendi PE-Hobart, LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,578 acres in the Veramendi project boundaries from the Landowner, approximately 488 of which are located within the District. VDCo and each of the VDCo Affiliates (collectively the "Developer") is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of VDCo and Peter James is the President of ASA Properties LLC. The Developer has completed its development within the District and continues to own vacant, developed land served with trunk utilities. See "THE DEVELOPER."

The Builders… Brightland Homes, Pulte Homes, Scott Felder Homes, Perry Homes, Coventry Homes, and Highland Homes are currently building homes within the District and are collectively referred to herein as the "Builders." See "THE DEVELOPER—The Builders."

Status of Development… The land within the District has been developed primarily as a single-family residential community of Veramendi, currently consisting of 1,047 single-family residential lots on approximately 304 acres. As of October 1, 2026, the District consisted of 1,004 completed homes (960 occupied), 10 homes under construction or in a builder's name, and 33 vacant developed lots available for home construction. According to the Developer, homes within the District range in sales price from approximately $460,000 to $925,000. Additionally, the District includes approximately 11 acres where a 231 unit independent living facility has been constructed and approximately 15 acres where a 350 unit multi-family residential community has been constructed. Approximately 56 acres of commercial tracts are served with trunk facilities, where two approximately 6,400 square foot office buildings on approximately one acre are complete and occupied, an approximately 10,500 square foot daycare facility is completed and occupied on approximately one acre, and approximately 54 acres that remain vacant of taxable improvements. Oakwood Baptist Church owns approximately 12 acres and Veramendi Elementary School has been constructed by the New Braunfels Independent School District on approximately 16 acres within the District, both of which are exempt from ad valorem taxation. The District also includes a recreational amenity known as "The Ledge," a homeowner's association facility featuring a 5,089 square foot infinity edge pool, a 1,556 square foot splash pad, 17,000 square feet of sun deck and gathering area, and a 929 square foot structure housing restrooms and pool equipment, encompassing a total area of 24,603 square feet. All of the developable land within the District is served with utilities and paving, with the exception of one approximately 11-acre tract. Approximately 63 acres within the District are undevelopable.

See "THE DISTRICT—Land Use" and "—Status of Development."

Payment Record... The District has previously issued $24,850,000 principal amount of unlimited tax road bonds in six series and $30,500,000 principal amount of unlimited tax bonds in three series, of which $51,270,000 principal amount of such bonds collectively remains outstanding (the "Outstanding Bonds"). The District will capitalize the lesser of six (6) months of interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, from Bond proceeds. The District has never defaulted on the Outstanding Bonds debt service payments. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

Water and Wastewater… New Braunfels Utilities ("NBU") provides retail water and wastewater services to the District's residents. See "WATER, WASTEWATER AND DRAINAGE—Utility Agreement Between the District and the City of New Braunfels" and "—Water Supply and Wastewater Treatment."

THE BONDS

Description... Comal County Water Improvement District No. 1A Unlimited Tax Bonds, Series 2026, in the aggregate principal amount of $3,635,000 maturing serially on March 1 in each of the years 2028 through 2051, both inclusive. Interest accrues from the Date of Delivery, at the rates per annum set forth on the cover page hereof, and is payable on September 1, 2027, and each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued as fully registered bonds, pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution"), adopted by the Board of Directors of the District (the "Board"), in fully registered form only, in denominations of $5,000 or any integral multiple of $5,000. See "THE BONDS—General."

Book-Entry-Only System... The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC ("Registered Owner"). 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 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 plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay construction costs outlined herein under "USE AND DISTRIBUTION OF BOND PROCEEDS," to capitalize the lesser of six (6) months of interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, to pay interest on funds that have been advanced by the Developer on behalf of the District; and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. The TCEQ has approved $233,901 in surplus funds for use by the TCEQ in connection with the issuance of the Bonds.
Authority for Issuance...	The Bonds are the fourth series of bonds issued out of an aggregate of $142,500,000 principal amount of unlimited tax bonds authorized by the District's voters on November 7, 2017, for the purpose of financing water, wastewater and drainage improvements and facilities to the land within its boundaries. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution to be adopted by the Board of Directors of the District, an order of the Texas Commission on Environmental Quality (the "TCEQ"), Article XVI, Section 59 of the Texas Constitution, the Act, Chapters 49 and 51 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 "INVESTMENT CONSIDERATIONS—Future Debt" and "THE BONDS—Authority for Issuance" and "Issuance of Additional Debt."
Source of Payment...	Principal of and interest on the Bonds, the Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS—Source of and Security for Payment."
Municipal Bond Rating and Municipal Bond Insurance…	Application has been made to Moody's Investors Service ("Moody's) for an underlying rating on the Bonds, and Moody's has assigned an underlying rating of "Baa2" to the Bonds. The District has submitted applications to various municipal bond insurers for a commitment for municipal bond insurance on the Bonds. The purchase of such insurance is at the Underwriter's option and expense. See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" and "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."
Qualified Tax-Exempt Obligations...	The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions.
Bond Counsel...	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" AND "PREPARATION OF THE OFFICIAL STATEMENT."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A. in Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	$557,970,711	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$575,854,880	(b)
Gross Direct Debt Outstanding	$ 54,905,000	(c)
Estimated Overlapping Debt	49,586,689	(d)
Gross Direct Debt and Estimated Overlapping Debt	$104,491,689	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	9.84%	
Estimated Taxable Assessed Valuation as of August 1, 2026	9.53%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	18.73%	
Estimated Taxable Assessed Valuation as of August 1, 2026	18.15%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of October 20, 2026	$738,935	(e)
Road Debt Service Fund as of October 20, 2026	581,977	(e)
Six (6) Months of Capitalized Interest from Bond Proceeds	90,875	(f)
Total Funds Available for Debt Service	$1,411,787	
Funds Available in the General Operating Fund as of October 20, 2026	$584,120	
Funds Available in the Contract Tax Fund as of October 20, 2026	$ 43,778	
Funds Available in the Capital Projects Fund as of October 20, 2026	$399,622	(g)
2026 Debt Service Tax Rate	$0.64	
2026 Maintenance Tax Rate	0.05	
2026 Contract Tax Rate	0.10	
2026 Total Tax Rate	$0.79	
Projected Average Annual Debt Service Requirement (2027-2051)	$3,341,222	(h)
Projected Maximum Annual Debt Service Requirement (2028)	$3,812,778	(h)
Tax Rate Required to Pay Average Annual Debt Service (2027-2051) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.64	(i)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$0.62	(i)
Tax Rate Required to Pay Maximum Annual Debt Service (2028) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	$0.72	(i)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2026	$0.70	(i)
Status of Development as of October 1, 2026 (j):		
Total Developed Lots	1,047	
Total Completed Homes (960 Occupied)	1,004	
Homes Under Construction or in a Builder's Name	10	
Vacant Developed Lots Available for Home Construction	33	
Multi-Family Residential Units	581	
Estimated Population	4,522	(k)

(a) The Comal Appraisal District (the "Appraisal District") has certified $547,633,636 of taxable value and an additional $10,337,348 remains uncertified and is subject to review and downward adjustment. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2026, and August 1, 2026, which will be assessed for taxation in the summer of 2027. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

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

(e) 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 the District's bonds issued for water, wastewater and drainage facilities (including the Bonds). Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on bonds issued for road facilities. Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.

(f) The District will capitalize the lesser of six (6) months of interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, from Bond proceeds and deposit such funds in the Water, Sewer and Drainage Debt Service Fund. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay debt service on the bonds issued for road facilities.

(g) Represents surplus construction funds and interest thereon, derived for the Outstanding Bonds and includes $233,901 in surplus funds approved for use by the TCEQ in connection with the issuance of the Bonds.

(h) The debt service calculations herein are based on an estimated interest rate of 5.50%.

(i) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

(j) See "THE DISTRICT—Land Use" and "—Status of Development."

(k) Based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family residential unit.

PRELIMINARY OFFICIAL STATEMENT

$3,635,000

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
(A political subdivision of the State of Texas located within Comal County)

UNLIMITED TAX BONDS
SERIES 2026

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Comal County Water Improvement District No. 1A (the "District") of its $3,635,000 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 a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended, an election held within the District on November 7, 2017, and general laws of the State of Texas ("Texas") relating to the issuance of bonds by political subdivisions of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and certain other information about Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the "Landowner") and Veramendi Development Company, LLC, a Texas limited liability company and its affiliates (collectively, the "Developer"), and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP ("Bond Counsel"), 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefore.

THE BONDS

General

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

The Bonds will be dated December 1, 2026 and will accrue interest from the Date of Delivery, with interest payable on each September 1 and March 1 commencing September 1, 2027, until the earlier of maturity or prior redemption. The Bonds mature on March 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

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 and Security for 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, Comal County, the City of New Braunfels, the Master District (defined herein) 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, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

The District also maintains a Road Debt Service Fund that is not pledged to or available to pay principal and interest on bonds issued to finance water, wastewater and drainage facilities ("Water, Sewer and Drainage Bonds"), including the Bonds. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay principal and interest on bonds issued to finance road facilities (the "Road Bonds").

The lesser of six (6) months of capitalized interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Water, Sewer and Drainage Capital Projects Fund, to pay the costs of acquiring or constructing water, wastewater and drainage improvements and facilities, paying Developer interest, and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Redemption Provisions

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 method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

Authority for Issuance

At a bond election held within the District on November 7, 2017, the voters of the District authorized the issuance of a total of $142,500,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage improvements and facilities to the land within its boundaries. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and provisions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of the bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond 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 bonds. 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 may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $108,365,000 principal amount of unlimited tax bonds for the purposes of financing water, wastewater and drainage facilities authorized but unissued and $36,650,000 principal amount of unlimited tax road bonds for the purposes of financing road improvements and facilities authorized but unissued. The District will also have authorized but unissued refunding bonds in an amount not in excess of $213,750,000 of bonds or other evidences of indebtedness previously issued by the District for water, wastewater, and drainage facilities and refunding bonds in an amount not in excess of $92,250,000 of bonds or other evidences of indebtedness previously issued by the District for road improvements and facilities. 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. See "INVESTMENT CONSIDERATIONS—Future Debt."

After approval by the District's voters, the City of New Braunfels and the Texas Commission on Environmental Quality (the "TCEQ"), the District also has the power to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

The issuance of additional debt for any of the above-described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

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.

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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Annexation by the City of New Braunfels

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels. Generally, the District may be annexed by the City of New Braunfels without the District's consent, and the City of New Braunfels cannot annex territory within the District unless it annexes the entire District; however, the City of New Braunfels may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of New Braunfels and Comal County Water Improvement District No. 1 (now known as Comal County Master Water Improvement District) specifying the procedures for full purpose annexation of all or a portion of land within the District. Full purpose annexation by the City of New Braunfels of land within the District's boundaries is governed by that certain Strategic Partnership Agreement, approved February 25, 2013, between Comal County Water Improvement District No. 1 (now known as Comal County Master Water Improvement District) and the City of New Braunfels and the Development Agreement between the City of New Braunfels and Comal County Water Improvement District No. 1, which prohibits annexation, unless and until the earlier of (1) the expiration or termination of the Development Agreement, or (2) the 15th anniversary of the District's confirmation election, or (3) the 30th anniversary following the earlier date of the Development Agreement, or (4) at least 90% of the public improvements in the District have been constructed, provided, however, the City of New Braunfels first assumes all obligations and performs all actions required by Sections 43.0715 and 43.075 of the Texas Local Government Code.

If the District is annexed, the City of New Braunfels will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of New Braunfels is a policy-making matter within the discretion of the Mayor and City Council of the City of New Braunfels, and therefore, the District makes no representation that the City of New Braunfels will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of New Braunfels to make debt service payments should annexation occur.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or the 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 observance 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 "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond 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 obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

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, NY, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing 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).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, 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 to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The 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 thereof.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District, based on information provided by LJA Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer 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 agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION COSTS		
· Oak Run Parkway Phase 3	$	46,377
· Precinct 12, The Abbey		336,278
· Precinct 12, The Oscar		1,157,955
· Precinct 14, Unit Five		1,159,549
· Engineering and Testing		305,730
· Less: Surplus Capital Projects Funds (a)		(233,901)
Total Construction Costs	**$**	**2,771,988**
NON-CONSTRUCTION COSTS		
· Bond Discount (Estimated at 3.00%) (b)	$	109,050
· Capitalized Interest (6 Months Estimated at 5.00%) (b)		90,875
· Developer Interest		370,153
Total Non-Construction Costs	**$**	**570,078**
ISSUANCE COSTS AND FEES		
· Issuance Costs and Professional Fees	$	235,211
· Engineering Costs		45,000
· State Regulatory Fees		12,723
Total Issuance Costs and Fees	**$**	**292,934**
TOTAL BOND ISSUE	**$**	**3,635,000**

(a) The District will apply $233,901 of surplus construction funds to the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."

(b) The TCEQ approved a maximum amount of Underwriter's discount of 3.00% and a maximum amount of capitalized interest in the amount of $90,875, which is equivalent to six (6) months of interest estimated at 5.00%.

VERAMENDI

The District is a part of an approximate 2,445 acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: the District, Comal County Master Water Improvement District (the "Master District"), Comal County Water Improvement District No. 1B ("WID 1B"), Comal County Water Improvement District No. 1C ("WID 1C"), Comal County Water Improvement District No. 1D ("WID 1D"), Comal County Water Improvement District No. 1E ("WID 1E"), and Comal County Water Improvement District No.1F ("WID 1F"). The District, the Master District, WID 1B, WID 1C, WID 1D, WID 1E, and WID 1F are collectively referred to as the "Veramendi Districts." Each of the Veramendi Districts has the authority to provide water, wastewater, and drainage facilities as provided by general law and Section 59, Article XVI, Texas Constitution. Each of the Veramendi Districts except the Master District has the authority to provide road facilities as provided by general law and Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of roads.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a water improvement 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 majority taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

The Developer

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the "Landowner"), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 849 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, ("VDCo") has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide LLC, Veramendi PE-Brisbane LLC, Veramendi PE-Cairns LLC, Veramendi PE-Darwin LLC, Veramendi PE-Fremantle LLC, Veramendi PE-Emerald, LLC, Veramendi PE-Gold Coast LLC, and Veramendi PE Hobart LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,578 acres in the Veramendi project boundaries from the Landowner, approximately 488 of which are located within the District. VDCo and each of the VDCo Affiliates (collectively the "Developer") is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC. The Developer has completed its development within the District and continues to own vacant, developed land served with trunk utilities.

The Builders

Homebuilders active within the District include Brightland Homes, Coventry Homes, Highland Homes, Perry Homes, Pulte Homes and Scott Felder Homes and are collectively referred to herein as the "Builders."

All of the financing for development by the Builders is being provided by the Builders or affiliates of the Builders. Each Builder's ability to develop lots within the District and to build single-family residential homes is dependent on continued receipt of funds solely from such Builder or its affiliates.

According to the Developer, all of the Builders are actively marketing and selling homes in each of their respective residential sections in the District.

Obligations of the Developer and Builders

Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders have any legal commitment to the District or the holders of the Bonds to continue development of land within the District.

Failure to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property. See "INVESTMENT CONSIDERATIONS—Vacant Lots."

THE DISTRICT

General

The District is a political subdivision of the State of Texas. The District was created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating the Master District, the District and WID 1B and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to the Act creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operating pursuant to Chapters 49 and 51, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and the construction of roads, among other things. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District is subject to the continuing supervision of the TCEQ.

The District is required to observe certain requirements of the City of New Braunfels which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, road and firefighting facilities and the refunding of outstanding debt obligations; require approval by the City of New Braunfels of District construction plans; and permit connections only to lots and reserves described in plats which have been approved by the City of New Braunfels and filed in the real property records of Comal County, Texas. The District is also required to obtain TCEQ approvals prior to acquiring, constructing and financing water, wastewater, drainage, recreation and fire-fighting facilities. See "WATER, WASTEWATER AND DRAINAGE—Regulation."

Description and Location

The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Oak Run Parkway, approximately one mile east of Texas State Highway 46 and north of Texas State Highway Loop 337, which provides access to the City of New Braunfels. See "AERIAL LOCATION MAP" herein.

Land Use

The following table has been provided by the Engineer and the Developer and represents the current land use within the District.

Single-Family Residential	Approximate Acres	Lots
Veramendi, Section 13, Units 1-7	110	393
Veramendi, Section 14, Units 1-5	115	363
Veramendi, Section 15A, Units 1-4	49	230
Veramendi, Section 15B, Units 1 & 2	30	61
Subtotal	304	1,047
Commercial Tracts (a)	56	---
Multi-Family	15	---
Independent Living Facility	11	---
School Site (Tax-Exempt)	16	---
Church (Tax-exempt)	12	---
Future Development	11	---
Undevelopable (b)	63	---
District Total	488	1,047

(a) See "Status of Development—Commercial/Tax-Exempt Development" below.
(b) Consists of street easements, drainage detention, parks and recreation space and utility sites.

Status of Development

Single Family Residential: The development in the District currently includes 1,047 single-family residential lots on approximately 304 acres. As of October 1, 2026 the District consisted of 1,004 completed homes (960 occupied), 10 homes under construction or in a builder's name, and 33 vacant developed lots available for home construction. According to the Developer, new homes within the District range in price from approximately $460,000 to $925,000. The estimated population within the District is 4,522 based upon 3.5 persons per occupied single-family residence and 2 persons per multi-family unit. See "THE DEVELOPER—The Builders."

Multi-Family Residential: Approximately 15 acres have been developed for multi-family residential use where a 350 unit apartment community has been constructed. Additionally, a 231-unit independent living facility has been constructed on approximately 11 acres.

Commercial/Tax Exempt Development: Approximately 56 acres have been served with trunk facilities for commercial development, where two approximately 6,400 square foot office buildings are complete and occupied on approximately one acre and an approximately 10,500 square foot daycare facility is complete and occupied on approximately one acre. Oakwood Baptist Church owns approximately 12 acres and New Braunfels Independent School District has constructed an elementary school on an additional approximately 16 acres, both of which are exempt from ad valorem taxation. Approximately 54 developable acres have been provided with trunk utilities; however, no taxable improvements have been constructed. The District also includes a recreational amenity known as "The Ledge," a homeowner's association facility featuring a 5,089 square foot infinity edge pool, a 1,556 square foot splash pad, 17,000 square feet of sun deck and gathering area, and a 929 square foot structure housing restrooms and pool equipment, encompassing a total area of 24,603 square feet.

All of the developable land within the District is served with utilities and paving, with the exception of one approximately 11-acre tract. Additionally, approximately 63 acres are not developable (street easements, drainage detention, parks and recreation space, right-of-way and utility sites).

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 staggered four-year terms and elections are held on the first Saturday of May of even numbered years. One of the Board members resides within the District and four Board members own land within the District subject to a note and deed of trust in favor of the Developer. The current members and officers of the Board along with their titles and terms are listed as follows:

Name	District Board Title	Term Expires
Donnie Shaw	President	May 2028
George Nevitt	Vice President	May 2028
Tracy Byrne	Secretary	May 2028
John Flood	Assistant Secretary	May 2030
Robert Moore III	Assistant Secretary	May 2030

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 and General Counsel: Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

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

Auditor: The financial statements of the District as of June 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC (the "Auditor"), independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Engineer: The District's engineer is LJA, Inc.

Tax Appraisal: The Comal Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES" and "Tax Consultant" below.

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Service, LLC has been employed by the District to service in this capacity.

Bookkeeper: The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fees paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

ROAD SYSTEM

The road system (the "Roads") serves the residents of the District by providing access to major arterials and collectors within Veramendi and the surrounding area. The internal subdivision streets provide access to several collectors including Oak Run Parkway, Geneva Street, and Borchers Boulevard. These internal streets and collectors convey the residents of the District to the major thoroughfares of State Highway Loop 337 and State Highway 46 and ultimately to Interstate Highway 35. All Roads are owned and maintained by Comal County. Previously issued bonds were issued to reimburse the Developer for road improvements in the District.

WATER, WASTEWATER AND DRAINAGE

Utility Agreement Between the District and the City of New Braunfels

Customers of the District receive water and wastewater service from New Braunfels Utilities ("NBU"), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to the Third Amendment to the Utility Agreement, dated June 12, 2020, between the District and NBU (the "Utility Agreement"). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the "System") to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the "Internal Facilities") are acquired, constructed and extended by the District and the components of the System that serve the Service Area, as defined below, are acquired, constructed and extended by the Master District, as defined below.

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the District will be in a position to receive services from the System; however, the District's obligation to extend the System is conditioned upon continued development within the District, the City of New Braunfels' performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District and the TCEQ, and TCEQ approval and the ability of the District to sell bonds.

Water Supply and Wastewater Treatment

Water supply for the District is currently provided by NBU which operates 8,000,000 gallon per day ("gpd") surface water treatment plant located along Gruene Road south of Texas State Highway Loop of 337. Based on the Utility Agreement, NBU currently has sufficient capacity to supply water to all of the equivalent single-family connections in the Service Area.

Wastewater treatment for the District is currently provided by NBU through the Gruene Road Water Reclamation Facility Wastewater Treatment Facility located at Gruene Loop Road at the Guadalupe River which has a capacity of 1,100,000 gallons per day ("gpd"). Based on the Utility Agreement, NBU currently has sufficient capacity to provide wastewater treatment to all of the equivalent single-family connections in the Service Area.

The District, through its agreement with NBU, has sufficient water and wastewater capacity to serve all development proposed within the District.

Water Distribution, Wastewater, Collection and Storm Drainage

Water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve 1,047 single family residential lots, approximately 56 acres of commercial tracts, approximately 15 acres for a multi-family residential development, approximately 11 acres for an independent living facility, an approximate 16 acre school site and approximately 12 acres for a church. See "THE DISTRICT—Land Use."

The Master District

The Master District is a political subdivision of the State of Texas, created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating the Master District, the District and WID 1B and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to the Act creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The Master District serves as a provider of the regional water delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (collectively, the "Master District Facilities") to the approximate 2,445-acre Service Area (the "Service Area"), which includes the following water improvement districts: the District, WID 1B, WID 1C, WID 1D, WID 1E, and WID 1F (collectively, the "WIDs"). The Master District, the District and WID 1B have each executed a Contract for the Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities (the "Master District Contract") on February 14, 2020, and WID 1B partially assigned, and each of WID 1C, WID 1D, WID 1E, and WID 1F assumed all right, title, interest, duty and obligation in, to and under the Master District Contract and each of the Districts has obtained approval of the Master District Contract from voters at an election held within each Districts' respective boundaries. The Master District Contract was amended to allow the Master District to designate Districts as "Participants" under the Master District Contract, irrevocably obligating the designated Participants to unconditionally levy a Contract Tax (as defined herein) on all taxable property within their boundaries and pay all obligations under the Master District Contract.

Currently, the District, WID 1B, WID 1D and WID 1F have been designated as the "Participants" by the Master District, based on active development within their boundaries, receipt of services provided by Master District Facilities, and in accordance with the terms of the Master District Contract. The remaining WIDs are expected to be designated by the Master District as "Participants" under the Master District Contract in the future, however the Master District cannot determine a date at this time when any of the other WIDs will become a Participant under the Master District Contract.

The Master District Contract provides that the Master District can issue Contract Revenue Bonds (as defined in "INVESTMENT CONSIDERATIONS—Overlapping Master District Debt and Contract Tax"). The Master District Contract provides that, once designated, each Participant shall pay a pro rata share of debt service on the Contract Revenue Bonds based upon each Participant's Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually (the "Contract Payments"). Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem tax without legal limit as to rate or amount (the "Contract Tax"), including the revenues from any other legally available funds. The Contract Tax will consist of a tax for the payment of debt service on the Contract Revenue Bonds. The Contract Payments may be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Developer on behalf of the Master District constructed and the Master District operates the regional stormwater facility known as the Veramendi Regional Detention Pond and other regional drainage and detention facilities serving the Service Area. The regional water and sanitary sewer facilities constructed by the Master District pursuant to the Master District Contract have been or are anticipated to be conveyed to New Braunfels Utilities ("NBU") upon completion and acceptance by NBU. After completion and acceptance of the regional water supply and distribution facilities and wastewater collection facilities, NBU will own, operate, and maintain such facilities as the retail provider of water and wastewater treatment service to residents living in the Service Area, including those residents living in the Participants, pursuant to the Utility Agreement. Any internal facilities not constructed pursuant to the Master District Contract are expected to be financed with unlimited tax bonds sold by each of the Participants.

It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide it with service, and convey such Master District Facilities to the Master District (or to NBU, as applicable) in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Facilities.

Each Participant is further obligated to pay monthly charges to the Master District for services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses, to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and to pay debt service requirements on the Contract Revenue Bonds, as necessary. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a "unit cost" of operation and maintenance expense, reserve requirements, and debt service requirements, if any, calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." The Master District intends to prepare a budget no later than forty-five days prior to the end of its fiscal year, June 30, showing all of the anticipated foregoing expenses and bill each Participant's share. The Master District anticipates the funding of the operation and

maintenance expenses reserve to be funded monthly, with the Master District billing the Participants at a rate equal to one hundred fifty percent (150%) of the Participant's share of budgeted monthly charges until such a time the Master District's reserve requirements have been fully funded. Each Participant's monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by unit cost per equivalent single-family residential connection. The Master District assesses to each Participant its monthly charge following the adoption of the Master District budget at the beginning of each budget period, beginning June 30, 2024, and following the deemed approval of each Participant. Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees, and charges, together with taxes levied and funds received from other lawful sources, sufficient at all times to pay the monthly charges assessed by the Master District to each Participant. The Master District does not expect that revenues from the Participants' monthly charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds.

Pursuant to the Master District Contract each Participant is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the Participant to make timely payment to the Master District of all charges required under the Master Contract, including such amounts sufficient at all times to pay operation and maintenance charges of the Master District, and to pay the Participant's pro rata share of the funds needed by the Master District to pay debt service requirements on the Master District's Contract Revenue Bonds issued pursuant to the Master Contract. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution and the Master District Contract shall not terminate, nor shall the Participants have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the Participants under the Master District Contract be otherwise affected for any reason.

The Master District Contract obligates the Master District to provide notices to the Participants (and other Districts within the Service Area) of its intent to issue Contract Revenue Bonds. The Master District has timely provided such notices of its intent to issue bonds in accordance with the terms of the Master District Contract.

Flood Protection

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater New Braunfels area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, none of the developed land within the District is within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Specific Flood Type Risks."

Regulation

Construction and operation of the District's water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Comal County, the City of New Braunfels, and the Texas Department of Health also exercise regulatory jurisdiction over the District's water, wastewater and storm drainage facilities.

General Fund Summary

The Bonds and Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's general fund are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. The District is provided with water and sewer services by NBU as described under "WATER, WASTEWATER AND DRAINAGE." Consequently, the District's general fund is used primarily for administrative expenses of the District and is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds.

The following statement sets forth in condensed form the historical results of operation of the District's General Fund as derived from the District's audited financial statements for the fiscal years ended June 30, 2022 through 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 for the fiscal year ended June 30, 2026.

	Fiscal Year Ended				
	6/30/2026	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Revenues:					
Property Taxes	$ 317,414	$ 238,984	$ 220,329	$ 302,471	$ 314,470
Penalty and Interest	203	819	3,519	-	-
Investment and Other Revenues	29,022	33,208	19,748	5,645	52
Total Revenue	$ 346,639	$ 273,011	$ 243,596	$ 308,116	$ 314,522
Expenditures:					
Professional Fees	$ 83,487	$ 53,949	$ 117,884	$ 101,810	$ 61,649
Contracted Services	40,949	52,311	51,829	10,451	10,157
Capacity Reservation Fees	110,679	126,008	-	-	
Repairs & Maintenance	37,838	6,665	6,665	6,645	-
Bond Issuance Costs	12,323	30,000			
Other	21,196	20,919	17,536	13,759	14,796
Total Expenditures	$ 306,472	$ 289,852	$ 193,914	$ 132,665	$ 86,602
NET REVENUES	$ 40,167	$ (16,841)	$ 49,682	$ 175,451	$ 227,920
Other Sources of Revenue	$ 30,000 (a)	$ 84,290 (a)	$ -	$ 8,170 (b)	$ 36,116 (b)
General Operating Fund Balance (Beginning of Year)	$ 705,080	$ 637,631	$ 587,949	$ 404,328	$ 140,292
General Operating Fund Balance (End of Year)	$ 775,247	$ 705,080	$ 637,631	$ 587,949	$ 404,328

(a) Interfund transfer.
(b) Developer advance.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2026 Taxable Assessed Valuation	$557,970,711	(a)
Estimated Taxable Assessed Valuation as of August 1, 2026	$575,854,880	(b)
Gross Direct Debt Outstanding	$ 54,905,000	(c)
Estimated Overlapping Debt	49,586,689	(d)
Gross Direct Debt and Estimated Overlapping Debt	$104,491,689	
Ratios of Gross Direct Debt to:		
2026 Taxable Assessed Valuation	9.84%	
Estimated Taxable Assessed Valuation as of August 1, 2026	9.53%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation	18.73%	
Estimated Taxable Assessed Valuation as of August 1, 2026	18.15%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of October 20, 2026	$ 738,935	(e)
Road Debt Service Fund as of October 20, 2026	581,977	(e)
Six (6) Months of Capitalized Interest from Bond Proceeds	90,875	(f)
Total Funds Available for Debt Service	$1,411,787	
Funds Available in the General Operating Fund as of October 20, 2026	$584,120	
Funds Available in the Contract Tax Fund as of October 20, 2026	$ 43,778	
Funds Available in the Capital Projects Fund as of October 20, 2026	$399,622	(g)

(a) The Comal Appraisal District (the "Appraisal District") has certified $547,633,636 of taxable value and an additional $10,337,348 remains uncertified and is subject to review and downward adjustment. See "TAXING PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2026, and August 1, 2026. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2027, and provided to the District in the summer of 2027. See "TAXING PROCEDURES."

(c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

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

(e) 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 the District's bonds issued for water, wastewater and drainage facilities (including the Bonds). Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on bonds issued for road facilities. Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.

(f) The District will capitalize the lesser of six (6) months of interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, from Bond proceeds and deposit such funds in the Water, Sewer and Drainage Debt Service Fund. Funds in the Water, Sewer and Drainage Debt Service Fund are not available to pay debt service on the bonds issued for road facilities.

(g) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds and includes $233,901 in surplus funds approved for use by the TCEQ in connection with the issuance of the Bonds.

Investments of the District

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

Outstanding Bonds

The District has previously issued six series of unlimited tax road bonds totaling $24,850,000 and three series of unlimited tax water, sewer and drainage bonds totaling $30,500,000, of which $51,270,000 is collectively outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the bonds issued by the District and the Outstanding Bonds.

Series		Original Principal Amount	Outstanding Bonds
2020	(a)	$ 3,150,000	$ 2,675,000
2021		6,000,000	5,040,000
2022	(a)	6,900,000	5,780,000
2022A	(a)	5,125,000	4,390,000
2022		12,500,000	11,770,000
2023	(a)	3,000,000	3,000,000
2024	(a)	5,450,000	5,390,000
2024		12,000,000	12,000,000
2025	(a)	1,225,000	1,225,000
Total		$ 55,350,000	$ 51,270,000

(a) Unlimited Tax Road Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the principal and estimated interest on the Bonds at an estimated interest rate per annum of 5.50%. The schedule below does not take into account the fact that the District will capitalize an amount equal to the lesser of six (6) months of interest or $90,875, which represents six (6) months of interest at 5.00% and is the maximum amount of capitalized interest approved by the TCEQ, from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2027	$ 3,583,868.75		$ 149,943.75	$ 149,943.75	$ 3,733,812.50
2028	3,535,053.13	$ 80,000	197,725.00	277,725.00	3,812,778.13
2029	3,506,768.75	85,000	193,187.50	278,187.50	3,784,956.25
2030	3,530,196.88	90,000	188,375.00	278,375.00	3,808,571.88
2031	3,501,537.50	95,000	183,287.50	278,287.50	3,779,825.00
2032	3,474,506.25	100,000	177,925.00	277,925.00	3,752,431.25
2033	3,458,681.25	105,000	172,287.50	277,287.50	3,735,968.75
2034	3,445,143.75	110,000	166,375.00	276,375.00	3,721,518.75
2035	3,429,206.25	115,000	160,187.50	275,187.50	3,704,393.75
2036	3,415,578.13	120,000	153,725.00	273,725.00	3,689,303.13
2037	3,418,212.50	125,000	146,987.50	271,987.50	3,690,200.00
2038	3,397,568.75	130,000	139,975.00	269,975.00	3,667,543.75
2039	3,383,956.25	140,000	132,550.00	272,550.00	3,656,506.25
2040	3,367,221.88	145,000	124,712.50	269,712.50	3,636,934.38
2041	3,361,696.88	155,000	116,462.50	271,462.50	3,633,159.38
2042	3,342,200.00	160,000	107,800.00	267,800.00	3,610,000.00
2043	3,324,037.50	170,000	98,725.00	268,725.00	3,592,762.50
2044	3,316,981.25	180,000	89,100.00	269,100.00	3,586,081.25
2045	3,330,475.00	185,000	79,062.50	264,062.50	3,594,537.50
2046	3,216,728.13	195,000	68,612.50	263,612.50	3,480,340.63
2047	3,213,768.75	205,000	57,612.50	262,612.50	3,476,381.25
2048	2,671,581.25	220,000	45,925.00	265,925.00	2,937,506.25
2049	2,658,856.25	230,000	33,550.00	263,550.00	2,922,406.25
2050	-	240,000	20,625.00	260,625.00	260,625.00
2051	-	255,000	7,012.50	262,012.50	262,012.50
Total	$ 76,883,825.00	$ 3,635,000	$ 3,011,731.25	$ 6,646,731.25	$83,530,556.25

Average Annual Debt Service Requirements (2027-2051) $3,341,222
Maximum Annual Debt Service Requirement (2028) $3,812,778

Estimated Overlapping Debt

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

	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Comal County	$ 85,745,000	9/30/2026	1.283%	$ 1,100,308
New Braunfels Independent School District	684,803,000	9/30/2026	5.777%	39,563,971
Comal County Master Water Improvement District	12,635,000	9/30/2026	70.617%	8,922,409
Total Estimated Overlapping Debt				$ 49,586,689
The District	54,905,000	(a)		54,905,000
Total Direct and Estimated Overlapping Debt				$104,491,689

Direct and Estimated Overlapping Debt as a Percentage of:
2026 Taxable Assessed Valuation of $557,970,711 ..... 18.73%
Estimated Taxable Assessed Valuation as of August 1, 2026 of $575,854,880 ..... 18.15%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

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

	Tax Rate per $100 of Taxable Assessed Valuation
Comal County	$ 0.273000
Comal County Lateral Road	0.032015
New Braunfels Independent School District	1.037700
Emergency Services District No. 7	0.048438
Total Overlapping Tax Rate	$ 1.391153
The District (a)	0.790000
Total Overlapping Tax Rate	$ 2.181153

(a) See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, the tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below.

Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants' pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant's certified appraised value by the total of all the Participants' certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's Contract Revenue Bonds are issued. See "INVESTMENT CONSIDERATIONS—Overlapping Master District Debt and Contract Tax" and "WATER, WASTEWATER AND DRAINAGE—The Master District."

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 November 7, 2017, and voters of the District authorized the Board, among other things, 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 Bonds. See "Debt Service Tax" above.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service Tax	$0.640	$0.630	$ 0.630	$0.730	$0.640
Maintenance Tax	0.050	0.060	0.050	0.064	0.154
Contract Tax	0.100	0.100	0.110	-	-
Total District Tax Rate	$0.790	$0.790	$ 0.790	$0.794	$0.794

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from the Tax Consultant. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below.

	Certified Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy	Total Collections As of September 30, 2026 (b)	
				Amount	Percent
2021	$ 88,189,684	0.794	$ 700,226	$ 700,226	100.00%
2022	193,619,144	0.794	1,537,336	1,537,336	100.00%
2023	305,874,803	0.794	2,428,646	2,425,493	99.87%
2024	400,596,372	0.790	3,164,711	3,150,869	99.56%
2025	521,213,967	0.790	4,117,590	4,072,699	98.91%
2026	557,970,711	0.790	4,407,969	(c)	(c)

(a) As certified by the Appraisal District.
(b) Unaudited.
(c) In process of collections. Taxes for 2026 are due by January 31, 2027.

Tax Exemptions

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2026, the District granted a $10,000 homestead exemption for persons over 65 years of age or disabled.

Tax Roll Information

The District's appraised 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. A breakdown of the Estimated Taxable Assessed Valuation as of August 1, 2026 is not currently available from the Appraisal District.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Uncertified Value	Taxable Assessed Valuation
	Land	Improvements	Personal Property				
2022	$ 102,522,526	$ 122,690,414	$ 314,100	$ 225,527,040	$ (31,907,896)	-	$ 193,619,144
2023	145,803,310	221,837,803	591,880	368,232,993	(62,358,190)	-	305,874,803
2024	143,371,390	319,125,752	487,495	462,984,637	(62,388,265)	-	400,596,372
2025	145,423,512	468,118,307	800,410	614,342,229	(93,128,262)	-	521,213,967
2026	155,267,565	481,897,342	917,780	638,082,687	(90,449,324)	10,337,348	557,970,711

Principal Taxpayers

The following table represents the ten principal taxpayers and their taxable appraised value as a percentage of the certified portion ($547,633,363) of the 2026 Taxable Assessed Valuation of $557,970,711. This represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($10,337,348) of the 2026 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $575,854,880 are not available.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Abbey-Veramendi LLC	$ 58,575,610	10.70%
Abbey-Veramendi SLPO LLC	35,265,549	6.44%
Veramendi PE-Cairns LLC (a)	17,933,790	3.27%
Veramendi PE-Brisbane LLC (a)	5,697,927	1.04%
Veramendi PE-Darwin LLC (a)	3,968,738	0.72%
Veramendi Property Fund Two Series LLC	3,963,928	0.72%
Veramendi PE-Emerald LLC (a)	3,723,646	0.68%
Perry Homes (b)	2,843,260	0.52%
Veramendi Property Fund One LLC	2,507,010	0.46%
Individual	2,451,551	0.45%
Total	$ 136,931,009	25.00%

(a) See "THE DEVELOPER—The Developers."
(b) See "THE DEVELOPER—The Builders."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of $557,970,711 ($547,633,363 of certified value plus $10,337,348 of uncertified value) and the Estimated Taxable Assessed Valuation as of August 1, 2026, of $575,854,880. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Outstanding Bonds and the 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, and the sale of no additional bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average Annual Debt Service Requirement (2027-2051)	$3,341,222
$0.64 Tax Rate on 2026 Taxable Assessed Valuation	$3,392,462
$0.62 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$3,391,785
Maximum Annual Debt Service Requirement (2028)	$3,812,778
$0.72 Tax Rate on 2026 Taxable Assessed Valuation	$3,816,250
$0.70 Tax Rate on Estimated Taxable Assessed Valuation as of August 1, 2026	$3,829,435

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2026 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "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 Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax," "—Contract Tax" and "—Maintenance and Operations Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, 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

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use 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 and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, 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.

Tax Payment Installments After Disaster

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

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described 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 Texas Tax Code, may be required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of New Braunfels, Comal County, the State of Texas, the Master District, 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 and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that 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" below.

Dependence on Principal Taxpayers

There is a high concentration of ownership of taxable value in the District. The ten principal taxpayers represent $136,931,009 or approximately 25.00% of the certified portion ($547,633,363) of the 2026 Taxable Assessed Valuation of $557,970,711 within the District and represents ownership as of January 1, 2026. The Developer represents $31,324,101 or approximately 5.72% of the certified portion ($547,633,363) of the 2026 Taxable Assessed Valuation of $557,970,711 within the District and represents ownership as of January 1, 2026. Accurate principal taxpayer lists related to the uncertified portion ($10,337,348) of the 2026 Taxable Assessed Valuation of $557,970,711 and the Estimated Taxable Assessed Valuation as of August 1, 2026 of $575,854,880 are not available as of the date hereof. See "TAX DATA—Principal Taxpayers." If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the District's Debt Service Funds, the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its Debt Service Funds. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect on the District's ability to pay debt service on the Bonds.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots and tracts of land for commercial/retail and multi-family improvements. The market value of such homes, lots, and tracts is related to general economic conditions in the San Antonio/New Braunfels, Texas region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DEVELOPER."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly the liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 33 miles from the central downtown business district of San Antonio and approximately 2 miles from downtown New Braunfels, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio/New Braunfels metropolitan and regional economies. A downturn in the economic conditions of San Antonio/New Braunfels economy and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 33 miles from downtown San Antonio and 2 miles from downtown New Braunfels, could be affected by competition from other residential developments, including other residential developments located in Comal County and the New Braunfels/San Antonio, Texas metropolitan areas. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the Developer or homebuilders in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact homebuilders' ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Possible Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2026 Taxable Assessed Valuation is $557,970,711 ($547,633,363 of certified value plus $10,337,348 of uncertified value). After issuance of the Bonds, the maximum debt service requirement will be $3,812,778 (2028), and the average annual debt service requirement will be $3,341,222 (2027-2051 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, tax rates of $0.72 and $0.64 per $100 of appraised valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of August 1, 2026 is $575,854,880, which reduces the above calculations to $0.70 and 0.62 per $100 of taxable assessed valuation, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation or the estimated values of land and improvements provided by the Appraisal District as of August 1, 2026 will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment.

Overlapping Master District Debt and Contract Tax

The Master District serves as a provider of the regional water delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (collectively, the "Master District Facilities") to the approximate 2,445-acre Service Area, which includes the District.

The Master District has issued three series of contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities ("Contract Revenue Bonds") in the principal amount of $12,750,000, of which $12,635,000 remains outstanding. All issuances of Contract Revenue Bonds are pursuant to an indenture of trust. The Master District Contract obligates each Participant, including the District, to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments ("Contract Payments") from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries ("Contract Tax"), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District's contract revenue bonds are issued.

The Contract Tax is in addition to the direct total tax rate of the District. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax. The District levied its initial Contract Tax in 2024.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Comal County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Comal County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to $1.20 per $100 of taxable assessed valuation, including the Contract Tax. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District, which includes the Contract Tax. The current combined tax rate of the District is consistent with the rules of the TCEQ. If the total combined tax rate of the District, including the Contract Tax, should ever exceed $1.20 per $100 of taxable assessed valuation, the District and the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "Possible Impact on District Tax Rate" above and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt" and "—Overlapping Taxes."

Vacant Lots and Undeveloped Acreage

There are 33 lots that remain vacant, approximately 54 acres that are served with trunk utilities but do not have vertical improvements, and approximately 11 remaining developable acres in the District. The District makes no representation as to when development of the undeveloped acreage will occur, or if lot sales and building programs will be successful. Failure of the Builders or other builders to construct taxable improvements on the developed lots or developed tracts of land could restrict the rate of growth on taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

Developer/Builders Under No Obligation to the District

The Developer has informed the Board that its current plan is to continue developing lots to sell to builders. However, neither the Developer nor the Builders nor any future developer or homebuilder is obligated to build homes on vacant lots nor to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or Builders to implement any plan of development. Furthermore, there is no restriction on the Developer's nor the Builders' rights to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer, its affiliates, or the Builders. See "THE DEVELOPER."

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.

Specific Flood Type Risks

The District is subject to certain flood risks:

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

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

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 is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other Bonds, 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. After reimbursements with proceeds of the Bonds, the District will continue to owe the Developer approximately $5,000,000 plus interest for advances made for engineering and construction of water, wastewater, drainage and road facilities, which will be financed with future bond issues. A total of $142,500,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage facilities, $213,750,000 of unlimited tax bonds for the purpose of refunding water, wastewater and drainage bonds, $61,500,000 principal amount of unlimited tax bonds for financing road facilities and $92,250,000 of unlimited tax road bonds for the purpose of refunding road bonds have been authorized by the District's voters. After the issuance of the Bonds, $108,365,000 principal amount of the water, wastewater and drainage bonds will remain authorized but unissued, $36,650,000 principal amount of road bonds will remain authorized but unissued, and all of the refunding bonds will remain authorized but unissued.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. 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. The issuance of bonds for water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, but the issuance of road bonds 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." 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.

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 San Antonio area. Under the Clean Air Act ("CAA") Amendments of 1990, the four-county San Antonio area ("San Antonio Area")—Bexar, Comal, Guadalupe, and Wilson Counties—has been designated an attainment/unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard").

However, the San Antonio Area is currently designated as a "serious" nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the "2015 Ozone Standard"), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

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 San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio 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 San Antonio Area. It is possible that additional controls will be necessary to allow the San Antonio Area to maintain and/or achieve attainment with the ozone standards. Such additional controls could have a negative impact on the San Antonio 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 San Antonio 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.

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.

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 is limited.

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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 have 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.

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.

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," "ROAD SYSTEM," "WATER, WASTEWATER AND DRAINAGE—The Master District," "—Utility Agreement Between the District and the City of New Braunfels," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and 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 or the Developers 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.

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 be amended or supplemented through the date of sale.

No-Litigation Certificate

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

TAX MATTERS

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.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

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 MATTERS—Tax Exemption" and "TAX MATTERS—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 AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Underwriter.

Applications have been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter and at the Underwriter's expense. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Consultant, 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 to such effect 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, orders, 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, 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 that have provided information used herein.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and the Master District's facilities and, in particular that information included in the sections entitled "THE DISTRICT," "ROAD SYSTEM," and "WATER, WASTEWATER AND DRAINAGE" has been provided by LJA Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of June 30, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Tax Appraisal: The Comal Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES" and "Tax Consultant" below.

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Services, LLC has been employed by the District to service in this capacity.

Updating the Official Statement

If, subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

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 certification, the official executing this OFFICIAL STATEMENT may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB through EMMA. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt" and "Overlapping Taxes," "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements 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 2027. 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 June 30. Accordingly, it must provide updated information by December 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.

Specified Event Notices

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

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access internet portal at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders 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

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

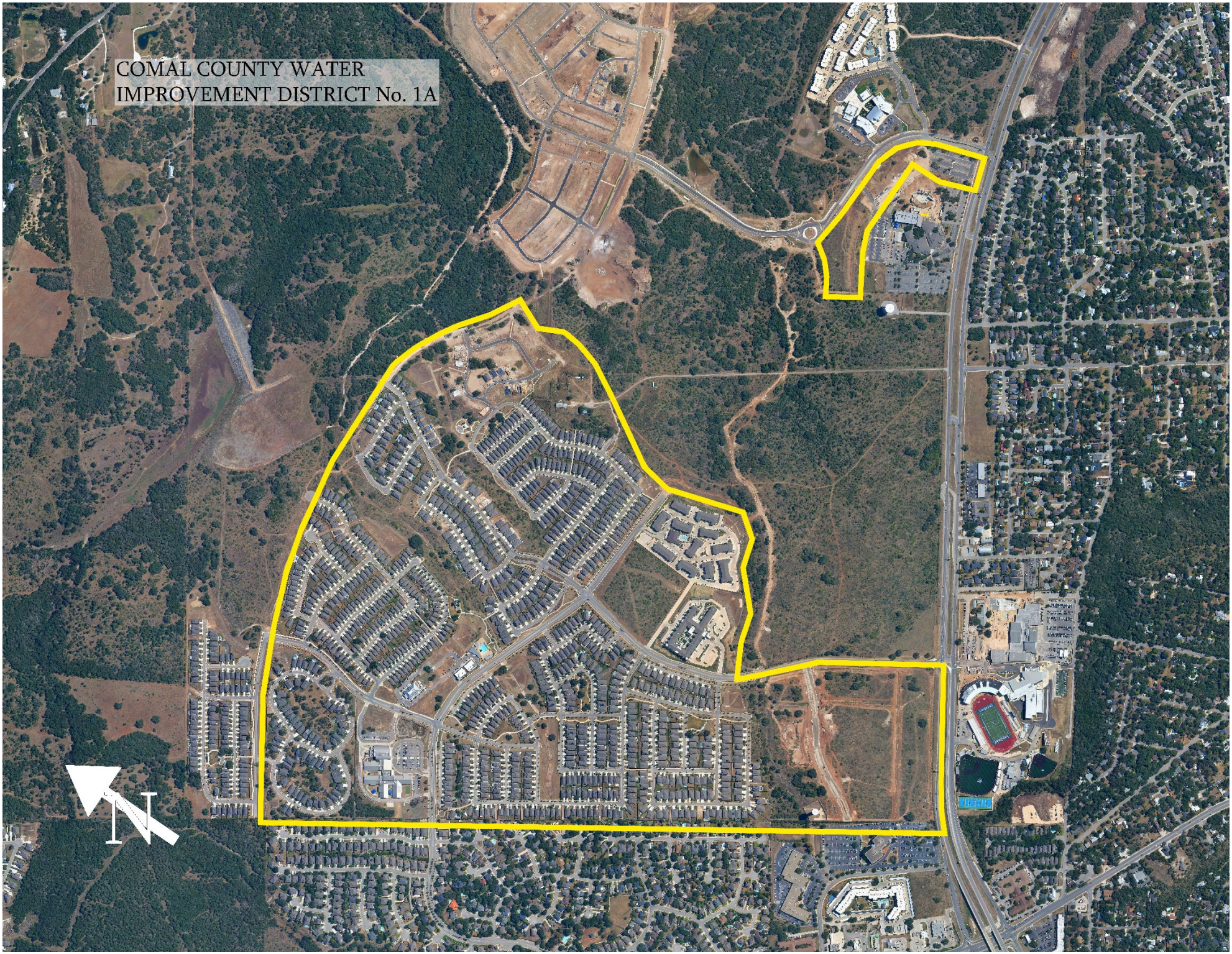
This OFFICIAL STATEMENT was approved by the Board of Directors of Comal County Water Improvement District No. 1A, as of the date shown on the cover page.

/s/ _____
President, Board of Directors

ATTEST:

/s/ _____
Secretary, Board of Directors

AERIAL LOCATION MAP
(Approximate Boundaries as of September 2026)


COMAL COUNTY WATER
IMPROVEMENT DISTRICT No. 1A
N

PHOTOGRAPHS OF THE DISTRICT
(Taken October 2026)








Sloe




HIGHLAND
821 Dagger St


HIGHLAND
AVAILABLE



APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended June 30, 2026

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

COMAL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1A
Comal County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Comal County Water Improvement District No. 1A (the "District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Estimate

As described in Note 6 to the financial statements, the District's net position as of June 30, 2025 has been restated to account for a change in accounting estimate. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

October 20, 2026

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

Management's discussion and analysis of the financial performance of Comal County Water Improvement District No. 1A (the "District") provides an overview of the District's financial activities for the year ended June 30, 2026. Please read it in conjunction with the District's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities. The Statement of Net Position includes all of the District's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The Statement of Activities reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance taxes, professional fees, and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

FINANCIAL SUMMARY AND DETAILED ANALYSES

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $9,566,590 as of June 30, 2026. A portion of the District's net position reflects its net investment in capital assets which include water, wastewater and storm drainage facilities, road and road improvements and impact fees less any debt used to acquire those assets that is still outstanding.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The table below presents a comparative analysis of the government-wide changes in net position for the current and prior fiscal years. The fiscal year ending 2025 amounts have been restated; see Note 6.

	Summary of Changes in the Statement of Net Position		
	2026	2025*	Change Positive (Negative)
Current and Other Assets	$ 4,775,534	$ 4,469,046	$ 306,488
Capital Assets (Net of Accumulated Depreciation)	42,549,510	41,542,886	1,006,624
Total Assets	$ 47,325,044	$ 46,011,932	$ 1,313,112
Bonds Payable	$ 51,113,292	$ 50,951,152	$ (162,140)
Developer Liabilities	5,020,955	3,852,162	(1,168,793)
Other Liabilities	757,387	781,123	23,736
Total Liabilities	$ 56,891,634	$ 55,584,437	$ (1,307,197)
Net Position:			
Net Investment in Capital Assets	$ (13,047,463)	$ (12,727,790)	$ (319,673)
Restricted	2,837,482	2,578,078	259,404
Unrestricted	643,391	577,207	66,184
Total Net Position	$ (9,566,590)	$ (9,572,505)	$ 5,915

*As restated

The table on the following page provides a summary of the District's operations for the years ended June 30, 2026, and June 30, 2025.

The fiscal year ending 2025 amounts have been adjusted; see Note 6. The District's net position increased by $5,915. Revenues, of which 95% are property tax revenues, increased by $889,119 compared to prior fiscal year. This 26% increase is largely due to the increase in property values which increased by 30% from prior fiscal year's values. Expenditures this fiscal year were $1,105,887 less than in prior fiscal year, a decrease of 21%, which is principally attributable to less developer interest paid this year of approximately $997,000 and lower debt service expenses of approximately $300,000, both of which were a result of the lower bond amount issued this year compared to last (Series 2024 Bonds totaled $12,000,000 compared to the Series 2025 Road bonds total of $1,225,000).

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Activities		
	2026	2025*	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,122,150	$ 3,241,114	$ 881,036
Other Revenues	209,926	201,843	8,083
Total Revenues	$ 4,332,076	$ 3,442,957	$ 889,119
Expenses:			
Service Operations	$ 404,888	$ 303,583	$ (101,305)
Depreciation	1,028,248	938,809	(89,439)
Developer Interest	132,902	1,129,873	996,971
Debt Service	2,760,123	3,059,783	299,660
Expenses for Services	$ 4,326,161	$ 5,432,048	$ 1,105,887
Change in Net Position	$ 5,915	$ (1,989,091)	$ 1,995,006
Net Position, Beginning of Year	(9,572,505)	(7,583,414)	(1,989,091)
Net Position, End of Year	$ (9,566,590)	$ (9,572,505)	$ 5,915

*As restated

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of and for the year ended June 30, 2026, were $4,601,306, an increase of $407,676.

The General Fund fund balance increased by $70,167, primarily due to property tax revenues and a transfer from Capital Projects Fund exceeding operating and bond issuance costs. Of the General Fund fund balance, $34,101 was considered nonspendable and $111,240 assigned, leaving $629,906 unassigned which is available for the District to use for day-to-day operations.

The Debt Service Fund fund balance increased by $332,873, primarily due to the structure of the District's debt service and the funding of capitalized interest from the Series 2025 Road Bonds.

The Capital Projects Fund fund balance increased by $4,636, primarily due to the proceeds from the Series 2025 Road Bonds exceeding capital outlay, developer interest and bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a General Fund budget. The budget was not amended during the current year. For additional information, see the budgetary comparison schedule and related notes presented as RSI.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

CAPITAL ASSETS

Capital assets as of June 30, 2026, totaled $42,549,510 and included the stormwater drainage system, road and road improvements conveyed to Comal County, impact fees paid to the City of New Braunfels, and water and wastewater facilities which are operated and maintained for the benefit of the residents of the District by New Braunfels Utilities in accordance with the Utility Agreement with the City of New Braunfels. Significant additions during the fiscal year included water, wastewater and drainage facilities and road improvements related to Veramendi 14 Unit 5.

Capital Assets At Year-End

	2026	2025*	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Water and Wastewater Facilities	$ 17,024,241	$ 15,904,117	$ 1,120,124
Stormwater Drainage System	7,190,710	6,977,353	213,357
Road and Improvements	23,314,660	22,613,269	701,391
Impact Fees	368,624	368,624	
Less Accumulated Depreciation	(5,348,725)	(4,320,477)	(1,028,248)
Total Net Capital Assets	$ 42,549,510	$ 41,542,886	$ 1,006,624

*As restated

LONG-TERM DEBT ACTIVITY

As of June 30, 2026, the District had total bond debt payable of $52,075,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, July 1, 2025	$ 51,965,000
Add: Bond Sale	1,225,000
Less: Bond Principal Paid	(1,115,000)
Bond Debt Payable, June 30, 2026	$ 52,075,000

LONG-TERM DEBT ACTIVITY (Continued)

The Series 2022, Series 2023 Road, Series 2024 Road, Series 2024 and Series 2025 Road bonds have underlying ratings of Baa2 from Moody's Investor Service and an insured rating of AA from Standard & Poor's Financial Services LLC by virtue of bond insurance from Assured Guaranty. The Series 2022A Road bonds have an underlying rating of Baa2 and insured rating from Build America Mutual Assurance Company of AA. The Series 2021 and Series 2022 Road bonds carry insured ratings of AA from Standard & Poor's Financial Services LLC by virtue of bond insurance from Build America Mutual Assurance Company. The Series 2020 Road bonds are not rated and uninsured. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

In addition to bonded debt, the District also has liabilities outstanding to the developers of the District for construction costs and operating advances funded on behalf of the District. At June 30, 2026, the District owed developers $5,020,955.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year ending June 30, 2027 projects a decrease in the General Fund fund balance of $111,240. Compared to the fiscal year 2026 results, revenues are expected to decrease by approximately $43,000 primarily from less property tax revenue, a result of the tax rate levied for operations and maintenance being $0.01 lower for fiscal year 2027. Expenditures are expected to increase by approximately $109,000 primarily due to expected increases in capacity reservation fees of approximately $21,000 and repairs and maintenance of approximately $89,000, both a result of growth in the District.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Comal County Water Improvement District No. 1A, c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2026

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 12,325	$ 75,821
Investments	776,538	3,361,125
Receivables:		
Property Taxes	8,380	104,073
Accrued Interest	2,234	
Other	2,811	
Due from Other Funds	5,572	
Advanced for Joint Facility Operations	34,101	
Capital Assets (Net of Accumulated Depreciation):		
Water and Wastewater Facilities		
Stormwater Drainage System		
Road and Road Improvements		
Impact Fees		
TOTAL ASSETS	$ 841,961	$ 3,541,019

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 441	$ 88,587	$	$ 88,587
397,685	4,535,348		4,535,348
	112,453		112,453
	2,234		2,234
	2,811		2,811
	5,572	(5,572)	
	34,101		34,101
		15,220,500	15,220,500
		6,333,669	6,333,669
		20,665,026	20,665,026
		330,315	330,315
$ 398,126	$ 4,781,106	$ 42,543,938	$ 47,325,044

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2026

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 57,194	$ 2,353
Accrued Interest Payable		
Due to Other Governmental Units	1,140	
Due to Developers		
Due to Other Funds		5,572
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 58,334	$ 7,925
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 8,380	$ 104,073
FUND BALANCES		
Nonspendable -		
For Joint Facility Operations	$ 34,101	$
Restricted:		
For Authorized Construction		
For Debt Service		3,429,021
Assigned for 2027 Budgeted Deficit	111,240	
Unassigned	629,906	
TOTAL FUND BALANCES	$ 775,247	$ 3,429,021
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 841,961	$ 3,541,019
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,088	$ 60,635	$	$ 60,635
		695,612	695,612
	1,140		1,140
		5,020,955	5,020,955
	5,572	(5,572)	
		1,570,000	1,570,000
		49,543,292	49,543,292
$ 1,088	$ 67,347	$ 56,824,287	$ 56,891,634
$ -0-	$ 112,453	$ (112,453)	$ -0-
$	$ 34,101	$ (34,101)	$
397,038	397,038	(397,038)	
	3,429,021	(3,429,021)	
	111,240	(111,240)	
	629,906	(629,906)	
$ 397,038	$ 4,601,306	$ (4,601,306)	$ - 0 -
$ 398,126	$ 4,781,106		
		$ (13,047,463)	$ (13,047,463)
		2,837,482	2,837,482
		643,391	643,391
		$ (9,566,590)	$ (9,566,590)

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total Fund Balances - Governmental Funds		$ 4,601,306
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		42,549,510
Deferred inflows of resources related to property tax revenues for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.		112,453
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	$ (695,612)	
Due to Developer	(5,020,955)	
Bonds Payable	(51,113,292)	(56,829,859)
Total Net Position - Governmental Activities		$ (9,566,590)

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2026

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 317,414	$ 3,877,137
Penalties and Interest	203	39,255
Investment and Other Revenues	29,022	125,285
TOTAL REVENUES	$ 346,639	$ 4,041,677
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 83,487	$ 28,493
Contracted Services	40,949	63,688
Capacity Reservation Fees	110,679	
Repairs and Maintenance	37,838	
Depreciation		
Other	21,196	11,489
Capital Outlay		
Developer Interest		
Debt Service:		
Contractual Obligation to Master District		461,141
Bond Issuance Costs	12,323	
Bond Principal		1,115,000
Bond Interest		2,087,181
TOTAL EXPENDITURES/EXPENSES	$ 306,472	$ 3,766,992
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	$ 40,167	$ 274,685
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ 30,000	$
Proceeds from Issuance of Long-Term Debt		58,188
Bond Premium		
TOTAL OTHER FINANCING SOURCES, NET	$ 30,000	$ 58,188
NET CHANGE IN FUND BALANCES	$ 70,167	$ 332,873
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JULY 1, 2025, AS REPORTED	$ 705,080	$ 3,096,148
CHANGE IN ACCOUNTING ESTIMATE		
JULY 1, 2025, AS RESTATED	$ 705,080	$ 3,096,148
FUND BALANCES/NET POSITION - JUNE 30, 2026	$ 775,247	$ 3,429,021

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 4,194,551	$ (72,401)	$ 4,122,150
	39,458		39,458
16,161	170,468		170,468
$ 16,161	$ 4,404,477	$ (72,401)	$ 4,332,076
$ 5,511	$ 117,491	$	$ 117,491
1,322	105,959		105,959
	110,679		110,679
	37,838		37,838
		1,028,248	1,028,248
236	32,921		32,921
866,079	866,079	(866,079)	
132,902	132,902		132,902
	461,141		461,141
150,598	162,921		162,921
	1,115,000	(1,115,000)	
	2,087,181	48,880	2,136,061
$ 1,156,648	$ 5,230,112	$ (903,951)	$ 4,326,161
$ (1,140,487)	$ (825,635)	$ 831,550	$ 5,915
$ (30,000)	$	$	$
1,166,812	1,225,000	(1,225,000)	
8,311	8,311	(8,311)	
$ 1,145,123	$ 1,233,311	$ (1,233,311)	$ -0-
$ 4,636	$ 407,676	$ (407,676)	$
		5,915	5,915
$ 392,402	$ 4,193,630	$ (34,236,397)	$ (30,042,767)
		20,470,262	20,470,262
$ 392,402	$ 4,193,630	$ (13,766,135)	$ (9,572,505)
$ 397,038	$ 4,601,306	$ (14,167,896)	$ (9,566,590)

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2026

Net Change in Fund Balances - Governmental Funds	$	407,676
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(72,401)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities.		(1,028,248)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases or due to developer liability is decreased.		866,079
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,115,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(5,051)
In the Statement of Net Position, bond discounts, premiums, insurance and deferred charges on refunding bonds are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(52,140)
Governmental funds report bond proceeds, bond premiums and bond discounts as other financing sources or uses. However, bonds payable, net of unamortized bond premiums and bond discounts, are recorded as liabilities in the Statement of Net Position.		(1,225,000)
Change in Net Position - Governmental Activities	$	5,915

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1. CREATION OF DISTRICT

Comal County Water Improvement District No. 1A (the "District") was created on August 11, 2017, as Comal County Water Improvement District No. 1 (the "Original District") and was subsequently divided pursuant to an Order Dividing Comal County Water Improvement District No. 1 into three districts: (a) Comal County Water Improvement District No. 1A; (b) Comal County Water Improvement District No. 1B; and (c) Comal County Master Water Improvement District. The Original District was created by Act of the 81st Texas Legislature, Regular Session, as a conservation and reclamation district and is essential to accomplish the purpose of Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates in accordance with Texas Water Code Chapters 49 and 51. The Board of Directors held its first meeting on August 11, 2017.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers each to be a major fund.

The General Fund accounts for resources not accounted for in another fund, maintenance taxes, professional fees, and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. At June 30, 2026, the Debt Service Fund owed the General Fund $5,572 for maintenance tax collections. During the year ended June 30, 2026, the Capital Projects Fund transferred $30,000 to the General Fund for prior year bond issuance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual 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. The original General Fund budget for the current year was not amended. The budgetary comparison schedule presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Capital Assets

Capital assets include water and wastewater facilities conveyed to the City of New Braunfels, road and road improvements conveyed to Comal County, the stormwater drainage system and impact fees and are reported in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Impact fees are amortized over the life of the applicable contract. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water and Wastewater Facilities	10 - 45
Stormwater Drainage System	10 - 45
Road and Road Improvements	45
Impact Fees	45

Water and wastewater facilities are conveyed to the City of New Braunfels for the purpose of providing services to the District residents. Road and road improvements are conveyed to Comal County for maintenance. The District is entitled to significant residual interest in the facilities and road and road improvements conveyed and records these as District assets and records depreciation on these assets in accordance with GASB Statement No. 94 (see Notes 6 and 11).

Pensions

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. At June 30, 2026, the District has $111,240 of assigned fund balance pertaining to the budgeted deficit for the General Fund for fiscal year 2027.

Unassigned: all other spendable amounts in the General Fund.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

New Accounting Pronouncement

GASB Statement No. 103 was issued in April 2024 and became effective for the District in fiscal year 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. For the District, GASB Statement No. 103 impacted management's discussion and analysis and the budgetary comparison information for the General Fund but did not have an impact on the District's basic financial statements.

NOTE 3. LONG-TERM DEBT

	Series 2020 Road	Series 2021	Series 2022 Road	Series 2022A Road
Amount Outstanding – June 30, 2026	$ 2,765,000	$ 5,280,000	$ 6,060,000	$ 4,585,000
Interest Rates	3.00% - 3.75%	2.00% - 5.00%	2.00% - 4.00%	4.00% - 6.00%
Maturity Date	September 1, 2026/2045	September 1, 2026/2047	September 1, 2026/2047	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*	September 1, 2027*	September 1, 2028*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2020 Road term bonds maturing on September 1, 2030, 2035, 2040 and 2045 are subject to mandatory sinking fund redemption beginning September 1, 2029, 2031, 2036 and 2041, respectively. Series 2021 term bonds maturing on September 1, 2035, 2037, 2039 and 2047 are subject to mandatory sinking fund redemption beginning September 1, 2034, 2036, 2038 and 2040, respectively. Series 2022 Road term bonds maturing on September 1, 2038, 2042 and 2047 are subject to mandatory sinking fund redemption beginning September 1, 2037, 2041 and 2043, respectively. Series 2022A Road term bonds maturing on September 1, 2036, 2039, 2043 and 2049 are subject to mandatory sinking fund redemption beginning September 1, 2033, 2037, 2040 and 2044, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2022	Series 2023 Road	Series 2024 Road
Amount Outstanding – June 30, 2026	$ 11,770,000	$ 3,000,000	$ 5,390,000
Interest Rates	4.375% - 6.875%	4.00% - 6.50%	4.00% - 5.00%
Maturity Date	March 1, 2027/2049	March 1, 2027/2049	March 1, 2027/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2029**	March 1, 2030**	March 1, 2030**

	Series 2024	Series 2025 Roads
Amount Outstanding – June 30, 2026	$ 12,000,000	$ 1,225,000
Interest Rates	4.00% - 6.50%	4.50% - 7.00%
Maturity Date	March 1, 2027/2049	March 1, 2027/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	March 1, 2030**	March 1, 2031**

** Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2022 term bonds maturing on March 1, 2038, 2041, 2043, 2045, 2047 and 2049 are subject to mandatory sinking fund redemption beginning March 1, 2036, 2039, 2042, 2044, 2046 and 2048, respectively. Series 2023 Road term bonds maturing on March 1, 2031, 2033, 2037, 2043 and 2045 are subject to mandatory sinking fund redemption beginning March 1, 2030, 2032, 2034, 2042 and 2044, respectively. Series 2024 Road term bonds maturing on March 1, 2039 are subject to mandatory sinking fund redemption beginning March 1, 2038. Series 2024 term bonds maturing on March 1, 2047 and 2049 are subject to mandatory sinking fund redemption beginning March 1, 2046 and 2048, respectively. Series 2025 Road term bonds maturing on March 1, 2040, 2045 and 2049 are subject to mandatory sinking fund redemption beginning March 1, 2036, 2041 and 2046, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

Changes in bonds payable for the current fiscal year are summarized in the following table:

	July 1, 2025	Additions	Retirements	June 30, 2026
Bonds Payable	$ 51,965,000	$ 1,225,000	$ 1,115,000	$ 52,075,000
Unamortized Premiums		8,311	303	8,008
Unamortized Discounts	(1,013,848)		(44,132)	(969,716)
Bonds Payable, Net	$ 50,951,152	$ 1,233,311	$ 1,071,171	$ 51,113,292

Amount Due Within One Year	$ 1,570,000
Amount Due After One Year	49,543,292
Bonds Payable, Net	$ 51,113,292

The District has authorized but unissued bonds in the amount of $112,000,000 for utility facilities and $36,650,000 for roads and road improvements. The District also has authorized but unissued bonds in the amount of $213,750,000 for refunding utility bonds and $92,250,000 for refunding road bonds.

As of June 30, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 1,570,000	$ 2,057,649	$ 3,627,649
2028	1,610,000	1,970,088	3,580,088
2029	1,655,000	1,886,394	3,541,394
2030	1,755,000	1,809,019	3,564,019
2031	1,810,000	1,731,297	3,541,297
2032-2036	9,830,000	7,546,959	17,376,959
2037-2041	11,465,000	5,641,516	17,106,516
2042-2046	13,640,000	3,323,877	16,963,877
2047-2050	8,740,000	685,247	9,425,247
	$ 52,075,000	$ 26,652,046	$ 78,727,046

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

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended June 30, 2026, the District levied a total ad valorem debt service tax rate of $0.63 per $100 of assessed valuation, allocated $0.355 to fund utility debt service requirements and $0.275 to fund road debt service requirements. This resulted in a tax levy of $3,289,775 on the adjusted taxable valuation of $522,186,625 for the 2025 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy and contract tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolutions state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

As of June 30, 2026, the carrying amount of the District's deposits was $338,587 and the bank balance was $348,817. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits at year end are summarized in the following table:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 12,325	$ 250,000	$ 262,325
DEBT SERVICE FUND	75,821		75,821
CAPITAL PROJECTS FUND	441		441
TOTAL DEPOSITS	$ 88,587	$ 250,000	$ 338,587

Investments

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District's certificates of deposits are recorded at acquisition cost.

As of June 30, 2026, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities in Years Less Than 1
GENERAL FUND		
Texas CLASS	$ 526,538	$ 526,538
Certificates of Deposit	250,000	250,000
DEBT SERVICE FUND		
Texas CLASS	3,361,125	3,361,125
CAPITAL PROJECTS FUND		
Texas CLASS	397,685	397,685
TOTAL INVESTMENTS	$ 4,535,348	$ 4,535,348

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. The District's investments in Texas CLASS were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year since the share positions can usually by redeemed each day at the discretion of the District, unless there has been a significant change of value. The District also manages interest rate risk by investing in certificates of deposit with maturities of one year or less.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Changes in capital assets during the current fiscal year are summarized in the following table.

	July 1, 2025*	Increases	Decreases	June 30, 2026
Capital Assets Subject to Depreciation				
Water and Wastewater Facilities	$ 15,904,117	$ 1,120,124	$	$ 17,024,241
Stormwater Drainage System	6,977,353	213,357		7,190,710
Road and Road Improvements	22,613,269	701,391		23,314,660
Impact Fees	368,624			368,624
Total Capital Assets Subject to Depreciation	$ 45,863,363	$ 2,034,872	$ - 0 -	$ 47,898,235
Less Accumulated Depreciation				
Water and Wastewater Facilities	$ 1,446,156	$ 357,585	$	$ 1,803,741
Stormwater Drainage System	701,196	155,845		857,041
Road and Road Improvements	2,143,007	506,627		2,649,634
Impact Fees	30,118	8,191		38,309
Total Accumulated Depreciation	$ 4,320,477	$ 1,028,248	$ - 0 -	$ 5,348,725
Total Capital Assets, Net of Accumulated Depreciation	$ 41,542,886	$ 1,006,624	$ - 0 -	$ 42,549,510

*As restated

In prior year, roads and road improvements were considered conveyed to Comal County for ownership and maintenance and recognized as a conveyance of asset expense in the Statement of Activities. However, in current fiscal year, roads conveyed are considered to result in a significant residual interest for the District. As such, under GASB Statement No. 94, the District recognized a prior period adjustment to recognize road capital assets, net of accumulated depreciation, and an increase in net position of $20,470,262.

NOTE 7. MAINTENANCE TAX

On November 7, 2017, voters of the District approved the levy and collection of a maintenance tax not to exceed $1.20 per $100 of assessed valuation of taxable property within the District. During the year ended June 30, 2026, the District levied an ad valorem maintenance tax rate of $0.06 per $100 of assessed valuation, which resulted in a tax levy of $313,313 on the adjusted taxable valuation of $522,186,625 for the 2025 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

On November 7, 2017, the voters of the District approved the levy and collection of a contract tax in an unlimited amount sufficient to make payments required under the Master District Contract for operation and maintenance of the regional water, wastewater and drainage systems (see further discussion in Note 10). During the year ended June 30, 2026, the District levied an ad valorem contract tax rate of $0.10 per $100 of assessed valuation, which resulted in a tax levy of $522,186 on the adjusted taxable valuation of $522,186,625 for the 2025 tax year. The District made contractual payments to the Master District of $461,141 during the current fiscal year.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Developers of the land within the District have incurred costs related to the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to developers by the District from proceeds of future District bond issues or from operations, subject to approval by the Texas Commission on Environmental Quality.

On November 7, 2017, a bond election held within the District approved authorization to issue $142,500,000 of bonds to fund costs of proposed water, sewer and drainage facilities. Additionally, voters of the District approved $61,500,000 of bonds to fund costs of road and road improvements. As of June 30, 2026, the District has issued $30,500,000 of bonds to fund costs water, sewer and drainage facilities and $24,850,000 of bonds to fund costs of road and road improvements. The following is a summary of the due to developer activity for the fiscal year ended June 30, 2026:

Due to Developers, beginning of year	$ 3,852,162
Additions	2,034,872
Reimbursements	(866,079)
Due to Developers, end of year	$ 5,020,955

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. MASTER DISTRICT CONTRACT

The District is part of the master-planned community of "Veramendi". Veramendi is comprised of the District, Comal County Master Water Improvement District (the "Master District"), Comal County Water Improvement District No. 1B ("District No. 1B"), Comal County Water Improvement District No. 1C ("District No. 1C"), Comal County Water Improvement District No. 1D ("District No. 1D"), Comal County Water Improvement District No. 1E ("District No. 1E"), and Comal County Water Improvement District No. 1F ("District No. 1F") (collectively, the "Districts").

On August 11, 2017, the District entered into a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities and Other Facilities between the Master District, District No. 1B and the District (the "Master District Contract") in order to encourage regionalization and to avoid duplication of lines and facilities within the master-planned community. The Master District Contract was subsequently partially assigned from District No. 1B to District No. 1C, District No. 1D, District No. 1E and District No. 1F. Subsequently, the Master District Contract was amended to allow the Master District to designate Districts as "Participants" under the Master District Contract, obligating the designated Participants to levy a contract tax and to pay obligations under the Master District Contract. Currently, the District, District No. 1D and District No. 1F have been designated as Participants by the Master District, based on active development within their boundaries, receipt of services provided by the Regional Facilities and in accordance with the terms of the Master District Contract. Subsequent to fiscal year end 2026, on September 15, 2026, District No. 1B was designated as a Participant. District No. 1C and District No. 1E are expected to be designated by the Master District as Participants at a future time depending on development in each district.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer, drainage and road facilities and capacities (the "Regional Facilities"), and each Participant will pay its pro rata share of such costs.

NOTE 10. MASTER DISTRICT CONTRACT (Continued)

The Master District will establish an Operation and Maintenance reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance costs. The District's share of the monthly charges are determined by multiplying the total number of actual Equivalent Single Family Residential Connections ("ESFCs") within the District by the monthly unit costs per ESFC in the Master District budget. During the year ended June 30, 2026, the District paid the Master District $110,679 for the District's allocated portion of operations and maintenance costs of the regional facilities.

The Master District finances the Regional Facilities through the issuance of Master District contract revenue bonds. The Master District has the authority to issue contract revenue bonds in an amount not to exceed $85,000,000 and, as of June 30, 2026, the Master District has authorized but unissued contract revenue bonds of $72,250,000. Each Participant is responsible for its pro rata share of the debt service requirements on the Master District contract revenue bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all the Districts. During the current fiscal year, the District was billed $461,141 to satisfy its pro rata share of the principal and interest on the Master District's bonds.

As of June 30, 2026, the debt service requirements on the Master District's contract revenue bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 120,000	$ 561,881	$ 681,881
2028	280,000	549,256	829,256
2029	295,000	531,357	826,357
2030	315,000	512,393	827,393
2031	335,000	492,207	827,207
2032-2036	1,960,000	2,182,135	4,142,135
2037-2041	2,445,000	1,722,641	4,167,641
2042-2046	3,000,000	1,170,924	4,170,924
2047-2051	3,705,000	460,435	4,165,435
2052	180,000	4,275	184,275
	$ 12,635,000	$ 8,187,504	$ 20,822,504

NOTE 11. UTILITY AGREEMENT

Customers of the District receive water and wastewater service from New Braunfels Utilities ("NBU"), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between Comal County Water Improvement District No. 1, the City, Word-Borchers Ranch Joint Venture and NBU (the "Utility Agreement") which all the Districts (see Note 10) subsequently assumed responsibility after the division of Comal County Water Improvement District No. 1 into the Districts. As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the "System") to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the "Internal Facilities") are acquired, constructed and extended by the District and the components of the System that serve the Service Area, are acquired, constructed and extended by the Master District.

NOTE 12. BOND SALE

On August 14, 2025, the District issued $1,225,000 of Unlimited Tax Road Bonds, Series 2025, with interest rates ranging from 4.50% to 7.00%. The net proceeds of $1,084,379 (after payment of the underwriter fees and other bond related costs) were deposited with the District's investment accounts to finance developer funded road construction costs, fund future interest payments on the bonds and pay subsequent bond issue costs.

NOTE 13. SUBSEQUENT EVENT – PENDING BOND SALE

On August 18, 2026, the Board of Directors approved the issuance of $3,635,000 of Unlimited Tax Bonds, Series 2026. The bond proceeds will be used to finance developer funded construction costs, fund future interest payments on the bonds and pay bond issue costs. The bonds are expected to sell in November 2026 and close in December 2026.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Variance of Actuals to Final Budget - Favorable (Unfavorable)
BUDGETARY REVENUES					
Property Taxes	$ 229,854	$ 229,854	$	$ 317,414	$ 87,560
Penalty and Interest				203	203
Investment and Other Revenues	30,800	30,800		29,022	(1,778)
TOTAL BUDGETARY REVENUES	$ 260,654	$ 260,654	$ -0-	$ 346,639	$ 85,985
BUDGETARY EXPENDITURES					
Service Operations:					
Professional Fees	$ 73,000	$ 73,000	$	$ 83,487	$ (10,487)
Contracted Services	40,000	40,000		40,949	(949)
Capacity Reservation Fees	136,406	136,406		110,679	25,727
Repairs and Maintenance	26,660	26,660		37,838	(11,178)
Other	35,340	35,340		21,196	14,144
Debt Service - Bond Issuance Costs				12,323	(12,323)
TOTAL BUDGETARY EXPENDITURES	$ 311,406	$ 311,406	$ -0-	$ 306,472	$ 4,934
BUDGETARY EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES	$ (50,752)	$ (50,752)	$ -0-	$ 40,167	$ 90,919
BUDGETARY OTHER FINANCING SOURCES					
Transfers In	$ -0-	$ -0-	$ -0-	$ 30,000	$ 30,000
NET CHANGE IN FUND BALANCE	$ (50,752)	$ (50,752)	$	$ 70,167	$ 120,919
BUDGETARY FUND BALANCE - JULY 1, 2025	705,080	705,080		705,080	
BUDGETARY FUND BALANCE - JUNE 30, 2026	$ 654,328	$ 654,328	$ -0-	$ 775,247	$ 120,919

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
NOTES TO THE BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

The unappropriated budget is adopted annually 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, the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The original General Fund budget for the current year was adopted on May 20, 2025, and was not amended.

Actual revenues were $85,985 more than budgeted primarily due to higher than expected property tax revenues, a result of the District's assessed property value coming in higher than expected at the time of budget. Actual expenditures were $4,934 less than budgeted due to lower than anticipated capacity reservation fees of approximately $26,000 offset by higher than expected engineering costs of approximately $7,000 and unbudgeted bond issuance costs of approximately $12,000. The General Fund also had an unbudgeted transfer in from the Capital Projects Fund to reimburse the General Fund for prior year bond issuance costs of $30,000. Overall, the District finished the year ahead of budget by $120,919.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2026

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2026

1. SERVICES PROVIDED BY THE DISTRICT:

____	Retail Water	____	Wholesale Water	X	Drainage
____	Retail Sewer	____	Wholesale Wastewater	____	Irrigation
____	Parks/Recreation	____	Fire Protection	____	Security
____	Solid Waste/Garbage	X	Flood Control	X	Roads
X	Participates in joint venture or regional system				
X	Other: The District does not provide water and wastewater services. Retail water and wastewater service is provided by the City of New Braunfels.				

2. RETAIL SERVICE PROVIDERS: New Braunfels Utilities

3. TOTAL WATER CONSUMPTION: Not applicable

4. STANDBY FEES: Not applicable

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No ____

County in which District is located:

Comal County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all X

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

Entirely X Partly ____ Not at all ____

ETJ in which District is located.

City of New Braunfels, Texas

Are Board Members appointed by an office outside the District?

Yes ____ No X

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2026

PROFESSIONAL FEES:		
Auditing	$	11,000
Engineering		18,651
Legal		53,292
Delinquent Tax Attorney		544
TOTAL PROFESSIONAL FEES	$	83,487
CONTRACTED SERVICES -		
Bookkeeping	$	40,949
CAPACITY RESERVATION FEES	$	110,679
REPAIRS AND MAINTENANCE	$	37,838
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	8,803
Insurance		3,685
Office Supplies and Postage		4,824
Travel and Meetings		3,024
Other		860
TOTAL ADMINISTRATIVE EXPENDITURES	$	21,196
DEBT SERVICE -		
Bond Issuance Costs	$	12,323
TOTAL EXPENDITURES	$	306,472

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
INVESTMENTS
JUNE 30, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 526,538	$
Certificate of Deposit	XXXX1298	3.75%	06/09/27	50,000	108
Certificate of Deposit	XXXX0427	3.79%	03/09/27	50,000	109
Certificate of Deposit	XXXX5694	3.75%	08/11/26	50,000	714
Certificate of Deposit	XXXX8839	3.70%	09/02/26	50,000	588
Certificate of Deposit	XXXX9687	3.70%	08/09/26	50,000	715
TOTAL GENERAL FUND				$ 776,538	$ 2,234
DEBT SERVICE FUND					
Texas CLASS	XXXX0005	Varies	Daily	$ 1,531,056	$
Texas CLASS	XXXX0006	Varies	Daily	1,541,561	
Texas CLASS	XXXX0009	Varies	Daily	288,508	
TOTAL DEBT SERVICE FUND				$ 3,361,125	$ - 0 -
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 27,387	$
Texas CLASS	XXXX0004	Varies	Daily	8,536	
Texas CLASS	XXXX0007	Varies	Daily	134,923	
Texas CLASS	XXXX0008	Varies	Daily	226,839	
TOTAL CAPITAL PROJECTS FUND				$ 397,685	$ - 0 -
TOTAL - ALL FUNDS				$ 4,535,348	$ 2,234

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2026

	Maintenance Taxes		Debt Service Taxes		Contract Taxes	
TAXES RECEIVABLE - JULY 1, 2025	$ 12,363		$ 148,275		$ 24,216	
Adjustments to Beginning Balance	118	$ 12,481	(2,614)	$ 145,661	(628)	$ 23,588
Original 2025 Tax Levy	$ 269,311		$ 2,827,770		$ 448,852	
Adjustment to 2025 Tax Levy	44,002	313,313	462,005	3,289,775	73,334	522,186
TOTAL TO BE ACCOUNTED FOR		$ 325,794		$ 3,435,436		$ 545,774
TAX COLLECTIONS:						
Prior Years	$ 11,352		$ 131,722		$ 21,660	
Current Year	306,062	317,414	3,213,652	3,345,374	510,103	531,763
TAXES RECEIVABLE - JUNE 30, 2026		$ 8,380		$ 90,062		$ 14,011
TAXES RECEIVABLE BY YEAR:						
2025		$ 7,251		$ 76,123		$ 12,083
2024		876		11,039		1,928
2023		253		2,900		
TOTAL		$ 8,380		$ 90,062		$ 14,011

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 145,423,137	$ 143,370,936	$ 146,220,559	$ 102,522,526
Improvements	468,118,682	301,652,842	223,793,573	122,690,414
Personal Property	800,410	487,495	591,880	314,100
Exemptions	(92,155,604)	(45,069,271)	(63,458,806)	(31,722,721)
TOTAL PROPERTY VALUATIONS	$ 522,186,625	$ 400,442,002	$ 307,147,206	$ 193,804,319
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.63	$ 0.63	$ 0.730	$ 0.640
Contract	0.10	0.11	0.000	0.000
Maintenance	0.06	0.05	0.064	0.154
TOTAL TAX RATES PER $100 VALUATION	$ 0.79	$ 0.79	$ 0.794	$ 0.794
ADJUSTED TAX LEVY*	$ 4,125,274	$ 3,163,492	$ 2,435,940	$ 1,538,807
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.69 %	99.56 %	99.87 %	100.00 %

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of $1.20 per $100 of assessed valuation approved by voters on November 7, 2017.

Contract Tax – Contract tax rate in an unlimited amount per $100 of assessed valuation approved by voters on November 7, 2017.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	SERIES-2020 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 90,000	$ 93,862	$ 183,862
2028	90,000	91,162	181,162
2029	95,000	88,388	183,388
2030	100,000	85,462	185,462
2031	105,000	82,387	187,387
2032	110,000	79,025	189,025
2033	115,000	75,369	190,369
2034	120,000	71,550	191,550
2035	125,000	67,569	192,569
2036	130,000	63,425	193,425
2037	135,000	58,950	193,950
2038	145,000	54,050	199,050
2039	150,000	48,887	198,887
2040	155,000	43,550	198,550
2041	165,000	37,950	202,950
2042	170,000	31,875	201,875
2043	180,000	25,313	205,313
2044	185,000	18,469	203,469
2045	195,000	11,344	206,344
2046	205,000	3,844	208,844
2047			
2048			
2049			
2050			
	$ 2,765,000	$ 1,132,431	$ 3,897,431

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2021		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 240,000	$ 131,700	$ 371,700
2028	240,000	119,700	359,700
2029	240,000	111,300	351,300
2030	240,000	106,500	346,500
2031	240,000	101,700	341,700
2032	240,000	96,900	336,900
2033	240,000	92,100	332,100
2034	240,000	87,150	327,150
2035	240,000	81,900	321,900
2036	240,000	76,500	316,500
2037	240,000	70,950	310,950
2038	240,000	65,250	305,250
2039	240,000	59,400	299,400
2040	240,000	53,400	293,400
2041	240,000	47,250	287,250
2042	240,000	40,950	280,950
2043	240,000	34,650	274,650
2044	240,000	28,350	268,350
2045	240,000	22,050	262,050
2046	240,000	15,750	255,750
2047	240,000	9,450	249,450
2048	240,000	3,150	243,150
2049			
2050			
	$ 5,280,000	$ 1,456,050	$ 6,736,050

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	SERIES-2022 ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 280,000	$ 143,987	$ 423,987
2028	280,000	132,788	412,788
2029	275,000	124,438	399,438
2030	275,000	118,938	393,938
2031	275,000	113,437	388,437
2032	275,000	107,938	382,938
2033	275,000	102,438	377,438
2034	275,000	96,938	371,938
2035	275,000	91,438	366,438
2036	275,000	85,766	360,766
2037	275,000	79,750	354,750
2038	275,000	73,390	348,390
2039	275,000	66,859	341,859
2040	275,000	60,156	335,156
2041	275,000	53,281	328,281
2042	275,000	46,406	321,406
2043	275,000	39,531	314,531
2044	275,000	32,484	307,484
2045	275,000	25,265	300,265
2046	275,000	18,047	293,047
2047	275,000	10,828	285,828
2048	275,000	3,609	278,609
2049			
2050			
	$ 6,060,000	$ 1,627,712	$ 7,687,712

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	SERIES-2022A ROAD		
	Principal Due September 1	Interest Due September 1/ March 1	Total
2027	$ 195,000	$ 191,625	$ 386,625
2028	195,000	179,925	374,925
2029	195,000	168,225	363,225
2030	195,000	158,475	353,475
2031	195,000	150,675	345,675
2032	190,000	142,975	332,975
2033	190,000	135,375	325,375
2034	190,000	127,775	317,775
2035	190,000	120,175	310,175
2036	190,000	112,575	302,575
2037	190,000	104,975	294,975
2038	190,000	97,375	287,375
2039	190,000	89,775	279,775
2040	190,000	82,175	272,175
2041	190,000	74,456	264,456
2042	190,000	66,619	256,619
2043	190,000	58,781	248,781
2044	190,000	50,944	240,944
2045	190,000	43,106	233,106
2046	190,000	35,269	225,269
2047	190,000	27,431	217,431
2048	190,000	19,594	209,594
2049	190,000	11,756	201,756
2050	190,000	3,919	193,919
	$ 4,585,000	$ 2,253,975	$ 6,838,975

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2022		
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 270,000	$ 558,506	$ 828,506
2028	285,000	539,944	824,944
2029	300,000	520,350	820,350
2030	315,000	499,725	814,725
2031	335,000	478,068	813,068
2032	350,000	456,294	806,294
2033	370,000	440,982	810,982
2034	390,000	424,794	814,794
2035	410,000	407,732	817,732
2036	435,000	389,794	824,794
2037	460,000	370,762	830,762
2038	480,000	350,638	830,638
2039	510,000	329,638	839,638
2040	535,000	307,325	842,325
2041	565,000	283,918	848,918
2042	595,000	259,200	854,200
2043	625,000	232,424	857,424
2044	660,000	204,300	864,300
2045	695,000	174,600	869,600
2046	735,000	143,324	878,324
2047	775,000	110,250	885,250
2048	815,000	75,374	890,374
2049	860,000	38,700	898,700
2050			
	$ 11,770,000	$ 7,596,642	$ 19,366,642

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2023 ROAD		
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 75,000	$ 128,300	$ 203,300
2028	75,000	123,425	198,425
2029	80,000	118,550	198,550
2030	85,000	113,350	198,350
2031	90,000	109,312	199,312
2032	95,000	105,038	200,038
2033	100,000	101,237	201,237
2034	105,000	97,238	202,238
2035	105,000	93,037	198,037
2036	110,000	88,838	198,838
2037	120,000	84,437	204,437
2038	125,000	79,638	204,638
2039	130,000	74,637	204,637
2040	135,000	69,438	204,438
2041	145,000	64,038	209,038
2042	150,000	58,237	208,237
2043	155,000	52,238	207,238
2044	165,000	46,038	211,038
2045	175,000	39,438	214,438
2046	180,000	32,438	212,438
2047	190,000	25,012	215,012
2048	200,000	17,174	217,174
2049	210,000	8,924	218,924
2050			
	$ 3,000,000	$ 1,730,012	$ 4,730,012

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	SERIES-2024 ROAD		
	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 70,000	$ 219,319	$ 289,319
2028	80,000	215,819	295,819
2029	90,000	211,818	301,818
2030	150,000	208,219	358,219
2031	160,000	202,218	362,218
2032	165,000	195,819	360,819
2033	175,000	189,219	364,219
2034	180,000	182,219	362,219
2035	190,000	175,018	365,018
2036	195,000	167,419	362,419
2037	205,000	159,618	364,618
2038	215,000	151,419	366,419
2039	220,000	142,819	362,819
2040	225,000	134,019	359,019
2041	235,000	125,018	360,018
2042	245,000	115,619	360,619
2043	255,000	105,818	360,818
2044	265,000	95,619	360,619
2045	295,000	85,018	380,018
2046	425,000	73,219	498,219
2047	450,000	55,688	505,688
2048	450,000	37,125	487,125
2049	450,000	18,563	468,563
2050			
	$ 5,390,000	$ 3,266,649	$ 8,656,649

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

	SERIES-2024		
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 295,000	$ 530,000	$ 825,000
2028	310,000	510,825	820,825
2029	325,000	490,675	815,675
2030	340,000	469,550	809,550
2031	355,000	447,450	802,450
2032	375,000	424,375	799,375
2033	390,000	400,000	790,000
2034	410,000	384,400	794,400
2035	430,000	368,000	798,000
2036	450,000	350,800	800,800
2037	475,000	332,800	807,800
2038	495,000	313,800	808,800
2039	520,000	294,000	814,000
2040	545,000	273,200	818,200
2041	575,000	251,400	826,400
2042	600,000	228,400	828,400
2043	630,000	204,400	834,400
2044	660,000	179,200	839,200
2045	695,000	152,800	847,800
2046	725,000	125,000	850,000
2047	760,000	96,000	856,000
2048	800,000	65,600	865,600
2049	840,000	33,600	873,600
2050			
	$ 12,000,000	$ 6,926,275	$ 18,926,275

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	SERIES-2025 ROAD		
	Principal Due March 1	Interest Due September 1/ March 1	Total
2027	$ 55,000	$ 60,350	$ 115,350
2028	55,000	56,500	111,500
2029	55,000	52,650	107,650
2030	55,000	48,800	103,800
2031	55,000	46,050	101,050
2032	55,000	43,300	98,300
2033	55,000	40,550	95,550
2034	55,000	37,800	92,800
2035	55,000	35,325	90,325
2036	55,000	32,850	87,850
2037	55,000	30,375	85,375
2038	55,000	27,900	82,900
2039	55,000	25,425	80,425
2040	55,000	22,950	77,950
2041	55,000	20,475	75,475
2042	50,000	18,000	68,000
2043	50,000	15,750	65,750
2044	50,000	13,500	63,500
2045	50,000	11,250	61,250
2046	50,000	9,000	59,000
2047	50,000	6,750	56,750
2048	50,000	4,500	54,500
2049	50,000	2,250	52,250
2050			
	$ 1,225,000	$ 662,300	$ 1,887,300

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2026

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 1,570,000	$ 2,057,649	$ 3,627,649
2028	1,610,000	1,970,088	3,580,088
2029	1,655,000	1,886,394	3,541,394
2030	1,755,000	1,809,019	3,564,019
2031	1,810,000	1,731,297	3,541,297
2032	1,855,000	1,651,664	3,506,664
2033	1,910,000	1,577,270	3,487,270
2034	1,965,000	1,509,864	3,474,864
2035	2,020,000	1,440,194	3,460,194
2036	2,080,000	1,367,967	3,447,967
2037	2,155,000	1,292,617	3,447,617
2038	2,220,000	1,213,460	3,433,460
2039	2,290,000	1,131,440	3,421,440
2040	2,355,000	1,046,213	3,401,213
2041	2,445,000	957,786	3,402,786
2042	2,515,000	865,306	3,380,306
2043	2,600,000	768,905	3,368,905
2044	2,690,000	668,904	3,358,904
2045	2,810,000	564,871	3,374,871
2046	3,025,000	455,891	3,480,891
2047	2,930,000	341,409	3,271,409
2048	3,020,000	226,126	3,246,126
2049	2,600,000	113,793	2,713,793
2050	190,000	3,919	193,919
	$ 52,075,000	$ 26,652,046	$ 78,727,046

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2026

Description	Original Bonds Issued	Bonds Outstanding July 1, 2025
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2020	$ 3,150,000	$ 2,850,000
Comal County Water Improvement District No. 1A Unlimited Tax Bonds - Series 2021	6,000,000	5,520,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2022	6,900,000	6,340,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2022A	5,125,000	4,780,000
Comal County Water Improvement District No. 1A Unlimited Tax Bonds - Series 2022	12,500,000	12,025,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2023	3,000,000	3,000,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2024	5,450,000	5,450,000
Comal County Water Improvement District No. 1A Unlimited Tax Bonds - Series 2024	12,000,000	12,000,000
Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds - Series 2025	1,225,000	
TOTAL	$ 55,350,000	$ 51,965,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	June 30, 2026	Paying Agent
$	$ 85,000	$ 96,488	$ 2,765,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	240,000	142,500	5,280,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	280,000	155,187	6,060,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	195,000	203,325	4,585,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	255,000	576,037	11,770,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		128,300	3,000,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	60,000	222,319	5,390,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
		530,000	12,000,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
1,225,000		33,025	1,225,000	The Bank of New York Mellon Trust Company, N.A. Houston, TX
$ 1,225,000	$ 1,115,000	$ 2,087,181	$ 52,075,000	

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2026

Bond Authority:	Tax Bonds*	Road Bonds*
Amount Authorized by Voters	$ 142,500,000	$ 61,500,000
Amount Issued	(30,500,000)	(24,850,000)
Remaining to be Issued	$ 112,000,000	$ 36,650,000

Debt Service Fund cash and investment balances as of June 30, 2026:	$ 3,436,946
Average annual debt service payment for remaining term of all bond debt:	$ 3,280,294

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

* The District also has $213,750,000 and $92,250,000 of authorized but unissued bonds for the purposes of refunding previously issued utility and road bonds, respectively.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 317,414	$ 238,984	$ 220,329
Penalty and Interest	203	819	3,519
Investment and Other Revenues	29,022	33,208	19,748
TOTAL REVENUES	$ 346,639	$ 273,011	$ 243,596
EXPENDITURES			
Professional Fees	$ 83,487	$ 53,949	$ 117,884
Contracted Services	40,949	52,311	51,829
Capacity Reservation Fees	110,679	126,008	
Repairs and Maintenance	37,838	6,665	6,665
Other	21,196	20,919	17,536
Bond Issuance Costs	12,323	30,000	
TOTAL EXPENDITURES	$ 306,472	$ 289,852	$ 193,914
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 40,167	$ (16,841)	$ 49,682
OTHER FINANCING SOURCES			
Transfers In	$ 30,000	$ 84,290	$
Developer Advances			
TOTAL OTHER FINANCING SOURCES, NET	$ 30,000	$ 84,290	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 70,167	$ 67,449	$ 49,682
BEGINNING FUND BALANCE	705,080	637,631	587,949
ENDING FUND BALANCE	$ 775,247	$ 705,080	$ 637,631

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 302,471	$ 314,470	91.5 %	87.5 %	90.5 %	98.2 %	100.0 %
		0.1	0.3	1.4		
5,645	52	8.4	12.2	8.1	1.8	
$ 308,116	$ 314,522	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 101,810	$ 61,649	24.1 %	19.8 %	48.4 %	33.0 %	19.6 %
10,451	10,157	11.8	19.2	21.3	3.4	3.2
		31.9	46.1			
6,645		10.9	2.4	2.7	2.2	
13,759	14,796	6.1	7.7	7.2	4.5	4.7
		3.6	11.0			
$ 132,665	$ 86,602	88.4 %	106.2 %	79.6 %	43.1 %	27.5 %
$ 175,451	$ 227,920	11.6 %	(6.2) %	20.4 %	56.9 %	72.5 %
$ 8,170	$					
	36,116					
$ 8,170	$ 36,116					
$ 183,621	$ 264,036					
404,328	140,292					
$ 587,949	$ 404,328					

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 3,877,137	$ 2,878,752	$ 2,249,491
Penalty and Interest	39,255	51,657	14,570
Investment and Other Revenues	125,285	100,719	54,822
TOTAL REVENUES	$ 4,041,677	$ 3,031,128	$ 2,318,883
EXPENDITURES			
Tax Collection Expenditures	$ 557,161	$ 238,028	$ 12,494
Debt Service Principal	1,115,000	1,040,000	975,000
Debt Service Interest and Fees	2,094,831	1,653,923	1,369,004
TOTAL EXPENDITURES	$ 3,766,992	$ 2,931,951	$ 2,356,498
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 274,685	$ 99,177	$ (37,615)
OTHER FINANCING SOURCES (USES)			
Transfers Out	$	$ (84,290)	$
Proceeds from Issuance of Long-Term Debt	58,188	530,000	222,319
TOTAL OTHER FINANCING SOURCES, NET	$ 58,188	$ 445,710	$ 222,319
NET CHANGE IN FUND BALANCE	$ 332,873	$ 544,887	$ 184,704
BEGINNING FUND BALANCE	3,096,148	2,551,261	2,366,557
ENDING FUND BALANCE	$ 3,429,021	$ 3,096,148	$ 2,551,261
TOTAL ACTIVE RETAIL WATER CONNECTIONS	**	**	**
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

** Utility services are provided by New Braunfels Utilities; see Note 11.

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 1,213,661	$ 377,001	95.9 %	95.0 %	97.0 %	97.0 %	96.2 %
19,022	14,462	1.0	1.7	0.6	1.5	3.7
18,791	586	3.1	3.3	2.4	1.5	0.1
$ 1,251,474	$ 392,049	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 19,059	$ 11,211	13.8 %	7.9 %	0.5 %	1.5 %	2.8 %
75,000	70,000	27.6	34.4	42.1	6.0	17.9
736,215	163,350	51.8	54.6	59.0	58.8	41.7
$ 830,274	$ 244,561	93.2 %	96.9 %	101.6 %	66.3 %	62.4 %
$ 421,200	$ 147,488	6.8 %	3.1 %	(1.6) %	33.7 %	37.6 %
$ 966,869	$ 514,788					
$ 966,869	$ 514,788					
$ 1,388,069	$ 662,276					
978,488	316,212					
$ 2,366,557	$ 978,488					
**	**					
**	**					

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2026

District Mailing Address - Comal County Water Improvement District No. 1A
c/o Allen Boone Humphries Robinson LLP
919 Congress Avenue, Suite 1500
Austin, TX 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2026	Expense reimbursements for the year ended June 30, 2026	Title
Donnie Shaw	05/2024 05/2028 (Elected)	$ 1,989	$ 64	President
George R. Nevitt	05/2024 05/2028 (Elected)	$ 1,989	$ 19	Vice President
Tracy Byrne	05/2024 05/2028 (Appointed)	$ 1,989	$ 64	Secretary
John Flood	05/2026 05/2030 (Elected)	$ -0-	$ -0-	Assistant Secretary
Robert H. Moore III	05/2026 05/2030 (Elected)	$ -0-	$ -0-	Assistant Secretary
Elizabeth Preston	05/2022 05/2026 (Elected)	$ 1,105	$ 0-	Former Director
Robert E. Whitley	05/2022 05/2026 (Elected)	$ 1,105	$ 7	Former Director

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

The most recent submission date of the District Registration Form was on July 21, 2026.

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current year.

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2026

Consultants:	Date Hired	Fees / Compensation for the year ended June 30, 2026	Title
Allen Boone Humphries Robinson LLP	11/02/22	$ 64,614	General Counsel
		$ 38,243	Bond Related
McCall Gibson Swedlund Barfoot Ellis PLLC	07/16/24	$ 11,000	Auditor
		$ 12,500	Bond Related
Municipal Accounts & Consulting, L.P.	01/16/24	$ 44,086	Bookkeeper
		$ 5,000	Bond Related
LJA Engineering, Inc.	08/11/17	$ 18,790	Engineer
		$ 12,323	Bond Related
Jones-Heroy & Associates, Inc.	02/28/23	$ -0-	Bond Engineer
Masterson Advisors, LLC	06/08/18	$ 28,174	Financial Advisor
Mark Burton and Ghia Lewis	01/16/24	$ -0-	Investment Officer
Comal Appraisal District	09/20/18	$ 42,252	Central Appraisal District
Utility Tax Service, LLC	08/20/24	$ 13,786	Tax Assessor/ Collector
		$ 1,500	Bond Related

See accompanying independent auditor's report.