OFFICIAL STATEMENT DATED MAY 19, 2021

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P Global Ratings (Insured).."AA"
Moody's Investors Service, Inc. (Insured) ...."A2"
Moody's Investor's Service, Inc. (Underlying) .... "Baa2"

$1,875,000

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

(A Political Subdivision of the State of Texas Located in Hays County and Travis County)

UNLIMITED TAX ROAD REFUNDING BONDS

SERIES 2021

Interest accrues from: June 1, 2021 — Due: September 1, as shown on inside cover

The $1,875,000 Unlimited Tax Road Refunding Bonds, Series 2021 (the "Bonds"), are obligations of Sunfield Municipal Utility District No. 1 (the "District") and are not obligations of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association, Houston, Texas, or any successor paying agent/registrar (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 "THE BONDS – Book-Entry-Only System."

Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Registered Owner(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest on the Bonds accrues beginning June 1, 2021, is payable on September 1, 2021, and each March 1 and September 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, such interest is payable by check mailed to such persons or by other means acceptable to such person and the Paying Agent/Registrar. The Bonds are issuable in denominations of $5,000 of principal or any integral multiple thereof in fully registered form only.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP**.

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover.

The Bonds, when issued, will constitute valid and 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. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by The Muller Law Group, PLLC, Sugar Land, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 17, 2021.

SAMCO CAPITAL

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$1,170,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 867343 (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 867343 (b)
2022	$10,000	3.000%	0.450%	MQ5	2026	$50,000	3.000%	1.050%	MU6
2023	55,000	3.000%	0.590%	MR3	****	****	****	****	****
2024	60,000	3.000%	0.800%	MS1	2037 (c)	470,000	2.000%	2.190%	NF8
2025	45,000	3.000%	0.930%	MT9	2038 (c)	480,000	2.000%	2.230%	NG6

$705,000 Term Bonds

$110,000 Term Bond due September 1, 2029 (c)(d) Interest Rate 2.000% (Price: $102.443) (a) CUSIP No. 867343 MX0 (b)

$595,000 Term Bond due September 1, 2036 (c)(d) Interest Rate 2.000% (Price: $98.061) (a) CUSIP No. 867343 NE1 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. Accrued interest from June 1, 2021, is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Financial Advisor (herein defined) or Underwriter shall be responsible for the selection or the correctness of the CUSIP numbers.

(c) Bonds maturing on September 1, 2027, and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on September 1, 2026, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – Optional Redemption."

(d) Subject to mandatory Redemption as provided under "THE BONDS – Redemption Provisions – Mandatory Redemption"

USE OF INFORMATION IN OFFICIAL STATEMENT

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

All of the summaries of the statutes, resolutions, orders, contracts, audits, 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 Bond Counsel, for further information.

This Official Statement is not to be used in connection with 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.

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. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Underwriter and thereafter only as specified in "SOURCES OF INFORMATION – Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX B – SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

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 final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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SALE AND DISTRIBUTION OF THE BONDS

Underwriting

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $1,830,137.70 (being the par amount of the Bonds, less a net original issue discount on the Bonds of $20,562.30, and less an underwriter's discount of $24,300.00), plus accrued interest on the Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Bonds, if any Bonds are purchased.

The following statement is provided by the Underwriter: In accordance with its responsibilities under federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

Prices and Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bondhouse, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon 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 acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Delivery of Official Statements

The District shall furnish to the Underwriter (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Underwriter), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Underwriter. The District also shall furnish to the Underwriter a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Underwriter may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Underwriter and an equal number of any supplements or amendments issued on or before the delivery date, but the Underwriter shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At March 31, 2021:

- The policyholders' surplus of AGM was approximately $2,805 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $959 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,121 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of MAC into AGM

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

I. the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021); and
II. the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

RATINGS

The Bonds received an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings with for corporate bonds since 1923 and municipal bonds since 1940, Long-term debt ratings assigned by S&P reflects its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

Moody's Investors Service, Inc. ("Moody's") assigned an insured rating of "A2" and an underlying rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that the rating will continue for any given time or that it will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the rating of S&P and Moody's.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and 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 the more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein.

THE BONDS

The Issuer	Sunfield Municipal Utility District No. 1 (the "District"), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the "TCEQ") as Winfield Municipal Utility District No. 1 of Hays and Travis Counties on June 27, 2005, and by subsequent order of the TCEQ on April 10, 2006, the name of the District was changed to Sunfield Municipal Utility District No. 1. The District is located partially within the limited purpose corporate limits and wholly in the extraterritorial jurisdiction of the City of Buda, Texas, in Hays County, Texas, and Travis County, Texas, approximately 15 miles south of the City of Austin, Texas. The District is part of the approximately 2,790-acre, master-planned community known as "Sunfield." See "THE DISTRICT."
The Issue	The District is issuing $1,875,000 Unlimited Tax Road Refunding Bonds, Series 2021 (the "Bonds"). The Bonds mature on September 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest accrues beginning June 1, 2021, and is payable September 1, 2021, and on each March 1 and September 1 thereafter until maturity or prior redemption.
Redemption Provisions	The Bonds maturing on and after September 1, 2027, are subject to redemption prior to maturity at the option of the District, in whole or in part, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS – Redemption Provisions."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), in accordance with the Book-Entry-Only System (herein defined). Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Amegy Bank Division, to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Authority for Issuance	The Bonds are issued pursuant to certain legislation adopted relative to the District; an order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Order"); Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, Chapter 8200, Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code,

as amended; and an election held within the District, as referenced below.

At an election held within the District on September 22, 2007, voters of the District authorized the District's issuance of an aggregate $32,490,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, acquiring and maintaining a road system to serve the District. The Bonds represent the District's third series of bonds to be issued from such voted authorization, and, after issuance of the Bonds, $32,155,000 principal amount of such voted authorization will remain authorized but unissued. See "THE BONDS – Authority for Issuance," and "– Issuance of Additional Debt."

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

Remaining Outstanding Bonds .... The District has previously issued twelve (12) series of bonds supported by the proceeds of a continuing, direct ad valorem tax, unlimited as to rate or amount, levied annually by the District upon taxable property located within the entirety of the District. Of such series of bonds previously issued by the District, $32,245,000 principal amount of unlimited tax bonds will remain outstanding (the "Remaining Outstanding Bonds") following the refunding of the Refunded Bonds (hereinafter defined). See "PLAN OF FINANCING – Remaining Outstanding Bonds."

Payment Record .... The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness.

Use of Proceeds .... Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to achieve a debt service savings by currently refunding $1,725,000 principal amount (the "Refunded Bonds") of the District's $2,160,000 Unlimited Tax Road Bonds, Series 2013A. Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

Qualified Tax-Exempt Obligations .... The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by the District during calendar year 2021 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

Bond Insurance .... Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE" and "RATINGS" above.

Ratings .... S&P (AGM Insured): "AA." Moody's (Insured): "A2." Moody's (Underlying): "Baa2." See RATINGS."

Legal Opinion	Coats Rose, P.C., Bond Counsel. See "LEGAL MATTERS."
Underwriter's Counsel	The Muller Law Group, PLLC.
Financial Advisor	Robert W. Baird & Co. Incorporated.
Verification Agent	Robert Thomas CPA, LLC. See "THE DISTRICT – Special Consultants Related to Issuance of the Bonds" and "VERIFICATION OF MATHEMATICAL CALCULATIONS."
Paying Agent/Registrar & Escrow Agent	Zions Bancorporation, National Association.

THE DISTRICT

Description	The District is a political subdivision of the State of Texas located partially within the limited purpose corporate limits and wholly in the extraterritorial jurisdiction of the City of Buda, Texas, in Hays and Travis Counties, Texas, approximately 15 miles south of the City of Austin, Texas. The District encompasses approximately 686 total acres of land, of which approximately 654 acres are located in Hays County, Texas, and approximately 32 acres are located in Travis County, Texas. The District is bordered on the north by Turnersville Road, on the south by Farm-to-Market Road 2001 and includes Firecracker Road. The District is located primarily in Hays Consolidated Independent School District although a small portion of undeveloped acreage within the District is in Austin Independent School District. See "THE DISTRICT."
Authority	The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. In addition, pursuant to Texas Special District Local Laws Code, Chapter 8200, the District is authorized to construct, acquire, improve, maintain, and operate roads located within or outside its boundaries. See "THE DISTRICT – General."
Development Within the District	The District contains approximately 686 total acres of land. To date, approximately 820 single-family lots have been developed within the District in the following residential subdivisions: Sunfield, Phase 1, Sections 1, 2, 5, and 6 and Phase 2, Sections 3, 4 and 11. Such subdivisions encompass approximately 229 total acres. As of April 1, 2021, single-family residential development within the District included approximately 820 completed homes (820 occupied, 0 unoccupied, and 0 model homes), approximately 0 homes under construction, and approximately 0 vacant, developed lots. The remaining land in the District consists of approximately 117.05 undeveloped but developable acres and approximately 8.63 undevelopable acres. See "DEVELOPMENT STATUS OF THE DISTRICT" and "SUNFIELD."
Sunfield	The District is part of the approximately 2,790-acre, master-planned community known as "Sunfield." Sunfield is located along the Interstate 35 corridor and includes amenities such as a junior

Olympic lap pool, pavilion, community gardens, playgrounds, splash pool, dog park, fishing ponds, and hike and bike trails.

Sunfield is made up of the District and three other municipal utility districts: Sunfield Municipal Utility District No. 2 ("SMUD No. 2"), Sunfield Municipal Utility District No. 3 ("SMUD No. 3"), and Sunfield Municipal Utility District No. 4 (which is referred to herein as "SMUD No. 4" in its capacity as a Sunfield District or the "Master District" in its capacity as the Master District). The District, SMUD No. 2, SMUD No. 3, and SMUD No. 4 are collectively referred to herein as the "Sunfield Districts." See "SUNFIELD."

Status of Development within Sunfield....... Current commercial development within the District and Sunfield Municipal Utility District No. 3 (SMUD No. 3) consists of: U.S. Foods, Inc., a regional food servicing distribution operator for restaurants, hospital facilities, governmental operations and educational institutions, purchased a 40.17-acre site in 2010 on which it has constructed a 277,000 square-foot office, dry food storage, refrigerated food storage, and freezer food storage facility and a 10,000 square-foot maintenance facility; Tractor Supply Company, a retail farm and ranch store chain, purchased approximately 3.82 acres on which it has constructed a 19,100 square foot retail store; Burger King: on 0.801 acres; a national franchised fast food chain restaurant; Studio 6 Hotel, on 1.40 acres operates a Hotel across the street from Baylor Scott and White Hospital; Health Center Commercial Building, a 2.5-acre 20,000 square foot multi-tenant medical office building with Ascension Seton and Dell Children's Medical Group as major tenants; Baylor Scott and White Hospital Group, purchased 19.60 acres for the construction of a hospital and retail facility estimated investment value of at least $35 million in land, buildings, equipment, inventory and other improvements necessary for a full medical facility. The hospital opened for operations in October of 2019 and includes a full-service emergency department, medical office space, retail pads, operating rooms, imaging, and other facilities; Exeter Property Group (Industrial), owned under the name of Exeter Buda Land LP, purchased 36.78 acres and developed 300,000 square feet of industrial space that has been leased to Amazon. The second phase of this industrial space has been updated to a distribution logistics vehicle lot that will handle the food to go portion of the business line. Exeter Property Group has another 6.5 acres under contract with plans to develop additional industrial space; Sunfield Station Athletic Complex, purchased 8 acres in April of 2018 and constructed a 30,000 square foot indoor multi-use sports complex and associated sports retail center with an estimated 60,000 square feet of building/retail space. Construction of Sunfield Station was completed in 2019. The complex primarily focuses on indoor volleyball but also includes basketball and other sports. The project estimates that each tournament at the facility will bring up to 1,500 visitors to the City of Buda, Texas, with that number estimated to increase as tournaments grow in size and frequency. Long-range projections indicate the annual visitor count to the facility could exceed 40,000; SNKS Convenience Store, A convenience store site consisting of 1.40 acres was sold and will be located at the corner of Main Street and Campo Del Sol. It will include various convenience store products as well as beer and wine sales and gas facilities; Kiddie Academy

Educational Learning Center (Daycare), a 2.16-acre site to the west of Sunfield Station on Main Street was purchased by Buda Enterprise Phase 1, LLC which operates a national franchise known as Kiddie Academy Educational Learning Center. This day care center opened in 2020; HCISD Elementary School, A 16.5-acre site was donated to Hays Consolidated Independent School District for a future elementary school site. An upcoming bond election is scheduled for May 2021, which will provide funds for construction if passed; AMP CNG, purchased 1.733 acres and constructed a high-pressure lignified natural gas station that fuels all of the U.S. Foods transportation vehicles as well as other LNG clients; Tuscany Apartments, a multi-family development that includes 196 units on 13 acres, which historically is 90-98% leased; Huntington, which purchased 5.81 acres in 2009, which consists of 120 units of senior living apartments. These units are historically 90-100% leased; The Royalton at Sunfield, in February of 2019, SWBC, an apartment developer, closed on approximately 16.59 acres in Sunfield, of which approximately 12.46 acres are located within the District and the remaining located in SMUD No. 3. Construction is underway for the approximately 300-unit multi-family development. This apartment complex is due to open in 2021. In 2020, Buda School Development LLC purchased 10 acres to open a charter school to include K-6 initially with plans to grow through High School. The charter school is slated to open for the 2022-2023 school year. See "USE OF INFORMATION IN OFFICIAL STATEMENT" herein. The remaining commercial acreage in Sunfield is made up of approximately 230 acres which include developed commercial pads, commercial, retail and light industrial land, as well as multi-family land.

Approximately 650 acres (2,997 lots) within Sunfield have been developed for single-family residential use. As of April 1, 2021, there were approximately 2,153 total complete homes (approximately 2,138 occupied, 1 unoccupied, and 14 model homes), approximately 201 homes under construction, and approximately 298 vacant developed lots. In addition, as of April 1, 2021, approximately 60.45 acres (262 single-family lots) are under development. Sunfield also includes approximately 171.48 acres developed for retail industrial, multi-family, and recreational uses, and approximately 468.63 undevelopable acres. See "SUNFIELD."

Developer/Principal Landowners .... The previous developer of land within the District was 2428 SF PH 1 LLC, a Texas limited liability company (the "Previous Developer"), which is wholly owned by 2428 Partners, LLC. 2428 Partners, LLC is compromised of 2428 Management, LLC, general partner, and IHP Fund III, LLC, limited partner. The principal developer of land within the District is Sunfield Development LLC (the "Developer"), which purchased land from the Previous Developer on December 31, 2020. Sunfield Development LLC is compromised of VP Sunfield Holdings LLC and IHP SF Investments LLC. Sunfield Investments LLC is an additional landowner within the District which owns land that is planned for future commercial, industrial and multi-family uses. Sunfield Investments LLC is compromised of VP Sunfield Holdings LLS and IHP SF Investments LLC. The District is managed by Scarborough Services LLC, a third-party management company controlled by James R. Feagin and Ryan Burkhardt. The Developer and its related entities currently own approximately 125.68 acres in the District, 0 vacant developed lots in the District, 0 lots under development in the District, as well as approximately 1,395 acres in the remainder of Sunfield.

Homebuilders Within the District.................. Homebuilders active within the District include Centex Homes, Pulte Homes, Castle Rock Homes, Gehan Homes, Taylor Morrison (formerly William Lyon Homes and RSI), and Chesmar Homes Austin. Home prices range from $215,000–$500,000. See "THE DISTRICT."

Regional Facilities .... The Master District is the municipal utility district that has contracted with the District and the other Sunfield Districts to extend regional water, sanitary sewer and drainage facilities to Sunfield (collectively, the "Master District Facilities"). The District lies within areas certificated to Goforth Special Utility District ("Goforth SUD") for providing of retail water service which it does pursuant to agreements between Goforth SUD, the Master District, and the District. See "THE SYSTEM."

Agreements with GBRA .... Wholesale water is provided to Sunfield by the Guadalupe-Blanco River Authority ("GBRA"). Water trunklines connecting the existing development within Sunfield to the GBRA waterlines have been constructed with monies advanced by the Developer. In 2004, the GBRA sold bonds and constructed a water line to the vicinity of Sunfield to serve the full development of the Sunfield Districts and other customers located in the vicinity of Sunfield. Each entity entitled to receive water service through such line is obligated to pay a portion of the debt service on such bonds. Initially, the Master District was obligated to pay approximately 34% of the debt service on such line. In addition to a pro-rata share of the debt service, the Master District is required to pay an annual water reservation fee. The annual water reservation fee and pro-rata share of debt service allocated to Sunfield are collectively referred to herein as the "GBRA Payment." Effective February 15, 2012, the Sunfield Districts entered into an amended and restated non-standard water utility service agreement with Goforth SUD pursuant to which Goforth SUD will be the retail provider and will have the obligation to make a portion of the GBRA Payment for each permanent connection in Sunfield assumed by Goforth SUD. In addition, in 2015, 2018 and 2020, as evidenced by the First Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, the Second Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, and the Third Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, Goforth SUD contracted for the early transfer of a total of 3,000,000 gallons per day ("gpd") of water and assumed the obligation to make the GBRA Payments for such total 3,000,000 gpd of water. For the fiscal year ending September 30, 2020, the GBRA Payment was approximately $603,095. The GBRA Payment is estimated to be approximately $173,165 for the fiscal year ending September 30, 2021, of which the District's obligation is $0. Each Sunfield District is responsible for its pro-rata share of the GBRA Payment based upon its projected ultimate living unit equivalents ("LUEs"). Such obligation is secured by such Sunfield District's unlimited ad valorem taxing authority. Pursuant to the agreement with Goforth SUD, SMUD No. 3 and the District's obligation to GBRA has been assumed by Goforth SUD in conjunction with the early transfer of 3,000,000 gpd of water. The remaining GBRA Payment is the obligation of SMUD No. 2 and SMUD No. 4 and is being made monthly by the Master District with monies advanced by the Developer. The Master District is current with all payment obligations. See "THE SYSTEM" and "INVESTMENT CONSIDERATIONS."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outlook (COVID-19)...... The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Central Texas area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

INVESTMENT CONSIDERATIONS

INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD CAREFULLY REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2020 Taxable Assessed Valuation	$ 335,162,883	(a)
Estimated Valuation as of December 1, 2020	$ 482,560,000	(b)
Direct Debt:		
The Remaining Outstanding Bonds	$ 32,245,000	
The Bonds	$ 1,875,000	
Total	$ 34,120,000	
Estimated Overlapping Debt	$ 23,002,201	(c)
Total Direct and Estimated Overlapping Debt	$ 57,122,201	
Direct Debt Ratios:		
Based on 2020 Taxable Assessed Valuation	10.18	%
Based on Estimated Valuation as of December 1, 2020	7.07	%
Direct and Estimated Overlapping Debt Ratios:		
Based on 2020 Taxable Assessed Valuation	17.04	%
Based on Estimated Valuation as of December 1, 2020	11.84	%
Road System Debt Service Fund Balance (as of April 28, 2021)	$ 1,474,891	(d)
Utility System Debt Service Fund Balance (as of April 28, 2021)	$ 1,673,768	(e)
Capital Projects Fund Balance (as of April 28, 2021)	$ 338,958	
Operating Fund Balance (as of April 28, 2021)	$ 2,297,229	

(a) Represents the taxable amount of the assessed valuation as of January 1, 2020, of taxable property in the District, as provided by the Hays Central Appraisal District and the Travis Central Appraisal District upon certification of the 2020 appraisal rolls. Such amount includes $335,091,770 of taxable value associated with properties located in Hays County, Texas, and $71,113 of taxable value associated with properties located in Travis County, Texas. See "TAXING PROCEDURES" and "TAX DATA."

(b) Provided by the Hays Central Appraisal District for information purposes only. This estimate reflects the addition of the taxable value of new construction within the District from January 1, 2020, to December 1, 2020. No taxes will be levied on this estimate. Such amount does not include taxable value associated with taxable property located in the District within Travis County. See "TAXING PROCEDURES" and "TAX DATA."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined).

(e) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2020 Tax Rate		
Road System Debt Service	$0.370	(a)
Utility System Debt Service	$0.340	(a)
Maintenance & Operation	$0.190	
Total	$0.900	
Average Annual Debt Service Requirement (2021–2044)	$2,020,326	(b)
Maximum Annual Debt Service Requirement (2038)	$2,411,388	(b)
Combined Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2021–2044) at 95% Tax Collections		
Based on 2020 Taxable Assessed Valuation	$0.64	
Based on Estimated Valuation as December 1, 2020	$0.45	
Combined Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2038) at 95% Tax Collections		
Based on 2020 Taxable Assessed Valuation	$0.76	
Based on Estimated Valuation as December 1, 2020	$0.53	
Single-Family Homes as of April 1, 2021	820	(c)

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.

(b) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

(c) Includes approximately 820 completed single-family homes and 0 homes under construction within the District as of April 1, 2021.

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Sunfield Municipal Utility District No. 1 (the "District"), of its $1,875,000 Unlimited Tax Road Refunding Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to certain legislation adopted relative to the District; an order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Order"); Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, Chapter 8200, Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District on September 22, 2007.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order adopted by the Board of Directors of the District (the "Board"). A copy of the Bond Order may be obtained from the District upon request to Bond Counsel (herein defined). The Bond Order 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 are dated June 1, 2021. Interest on the Bonds accrues from June 1, 2021, and is payable September 1, 2021, and each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on September 1 of the years shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover. Principal of the Bonds will be payable to the registered owners of the Bonds (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system for the Bonds (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities 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 (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. 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 holder of ownership interest of each actual purchase of each Bond (the "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-Only System is discontinued.

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

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

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 Issue 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).

Redemption proceeds, principal, and interest 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 the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments 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/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in the section concerning DTC and the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct and Indirect Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

Paying Agent/Registrar

The Board has selected Zions Bancorporation, National Association, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The initial designated payment office for the Bonds is located in Houston, Texas. Provision is made in the Bond Order for removal of the Paying Agent/Registrar, provided that no such removal shall be effective until a successor paying agent/registrar shall have accepted the duties of the Paying Agent/Registrar under the provisions of the Bond Order. Any successor 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 for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The Bonds are issued pursuant to certain legislation adopted relative to the District; the Bond Order; Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, Chapter 8200, Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended; and an election held within the District on September 22, 2007. At an election held within the District on September 22, 2007, voters of the District authorized the District's issuance of an aggregate $32,490,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, acquiring and maintaining a road system to serve the District. The Bonds represent the District's third series of bonds to be issued from such voted authorization, and, after issuance of the Bonds, $32,155,000 principal amount of such voted authorization will remain authorized but unissued. Bonds authorized by the resident electors of the District, the amount of bonds issued, and the remaining authorized but unissued bonds are as follows:

Election Date	Purpose	Amount Authorized	Amount Issued	Authorized But Unissued
05/12/2007	Water, Sewer, and Drainage	$ 48,990,000	$18,645,000	$ 30,345,000
09/22/2007	Road	$ 21,660,000	$19,325,000	$ 2,335,000
09/22/2007	Road Refunding	$ 32,490,000	$ 150,000 (a)	$ 32,155,000
05/12/2007	Parks & Recreation	$ 5,995,000	-	$ 5,995,000

(a) Includes refunding authorization used from issuance of the Bonds.

Approval of the Bonds

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of the Bonds and 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.

Source of Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

Taxes collected through the Road System debt service tax rate will be deposited in the District's Road System Debt Service Fund and used to pay principal of and interest on the Bonds and on any of the District's duly authorized Road System bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or in part from taxes. Taxes collected through the Utility System debt service tax rate will be deposited in the District's Utility System Debt Service Fund and used to pay principal of and interest on Utility System bonds payable from taxes issued by the District. Funds on deposit in the Utility System Debt Service Fund are not available to pay debt service of the Bonds or the Outstanding Road Bonds.

Redemption Provisions

Optional Redemption

Bonds maturing on and after September 1, 2027, shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such 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 bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by a random selection method in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2029 and 2036 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption ("Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

$110,000 Term Bond due September 1, 2029

Mandatory Redemption Date	Principal Amount
September 1, 2027	$45,000
September 1, 2028	30,000
September 1, 2029 (maturity)	35,000

$595,000 Term Bond due September 1, 2036

Mandatory Redemption Date	Principal Amount
September 1, 2030	$30,000
September 1, 2031	25,000
September 1, 2032	25,000
September 1, 2033	25,000
September 1, 2034	15,000
September 1, 2035	15,000
September 1, 2036 (maturity)	460,000

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

Annexation by the City of Buda

The District lies partially within the limited purpose corporate limits and wholly within the extraterritorial jurisdiction of the City and may be annexed by the City under certain circumstances. Under general law, with certain exceptions, annexation of land by the City is subject to three procedures that allow for annexation: (i) on request of a landowner; (ii) for areas with a population of less than 200, by petition of voters and, if voter petitioners do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area; or (iii) for areas with a population of 200 or more, by election of voters and, if voters do not own more than 50% of the land in the area, by petition of a majority of the property owners in the area. However, the foregoing provisions do not apply to areas that are subject to a Strategic Partnership Agreement under Section 43.0751, Texas Local Government Code.

The District and the City have previously entered into a Strategic Partnership Agreement, effective September 19, 2006 ("SPA"). Under the SPA, the City agreed to annex the property in the District for certain limited purposes, as provided under Sections 43.0751, Texas Local Government Code, and agreed not to annex the property in the District for full purposes until the earlier of (i) September 19, 2036, or (ii) upon completion and issuance of District bonds for 90% of utility infrastructure by the District.

If area within the District is annexed, under the terms of the SPA, the City must assume the District's assets and obligations (including any outstanding bonds) and dissolve the District within 90 days of annexation. Annexation of property by the City is a policy-making matter within the discretion of the governing body of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

A district (such as 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 system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently has no plans to do so.

Defeasance

The Bond Order 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 Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to 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.

Issuance of Additional Debt

The District intends to issue additional bonds from its voted authorization. The District's voters have authorized a total of $48,990,000 principal amount of unlimited tax bonds for purchasing, constructing, acquiring and maintaining the Utility System; $21,660,000 principal amount of unlimited tax bonds for purchasing, constructing, acquiring and maintaining the Road System; $5,995,000 of unlimited tax bonds for purchasing, constructing, acquiring and maintaining parks and recreational facilities to serve the District; and $32,490,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, acquiring and maintaining the Road System.

The Bonds are the third series of unlimited tax bonds to be issued by the District for the purpose of refunding bonds issued for the purpose of purchasing, constructing, acquiring and maintaining the Road System. Following the issuance of the Bonds, the following principal amounts will remain authorized but unissued: $30,345,000 for the purpose of purpose of a purchasing, constructing, acquiring and maintaining water, sewer and drainage facilities to serve the District; $2,335,000 for the purpose of purchasing, constructing, acquiring and maintaining the Road System; $5,995,000 for the purpose of purpose of purchasing, constructing, acquiring and maintaining parks and recreational facilities to serve the District; and $32,155,000 principal amount of unlimited tax bonds for the purpose of refunding bonds issued for the purpose of purchasing, constructing, acquiring and maintaining the Road System. See "THE BONDS – Authority for Issuance."

Any bonds issued by the District must be approved by the Attorney General of Texas. At this time, the Texas Commission on Environmental Quality (the "TCEQ") does not exercise jurisdiction in approving bonds to finance the acquisition or construction of roads and roadway improvements. TCEQ approval is necessary, however, for the issuance of bonds to finance the acquisition or construction of the Utility System as well as recreational facilities in the District. See "THE DISTRICT – General."

The Bond Order 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. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District.

Amendments to the Bond Order

The District may, without the consent of or notice to any Registered Owners, amend the Bond Order in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, 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 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.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Order provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions, or obligations set forth in the Bond Order, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations, or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited 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, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debt; 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. Under Texas law, a municipal utility district such as the District must obtain approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full ; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt 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.

PLAN OF FINANCING

Use of Proceeds

Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to achieve a debt service savings by currently refunding $1,725,000 principal amount (the "Refunded Bonds") of the District's $2,160,000 Unlimited Tax Road Bonds, Series 2013A. Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

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The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Unlimited Tax Road Bonds, Series 2013A	
Principal Amount	Maturity Date
$40,000	09/01/2023
45,000	09/01/2024
30,000	09/01/2025
35,000	09/01/2026
30,000	09/01/2027
20,000	09/01/2028
25,000	09/01/2029
20,000	09/01/2030
15,000	09/01/2031
15,000	09/01/2032
15,000	09/01/2033
5,000	09/01/2034
5,000	09/01/2035
450,000	09/01/2036
475,000	09/01/2037
500,000	09/01/2038
$1,725,000	

Total Principal Amount of the Refunded Bonds: $1,725,000

Redemption Date: September 1, 2021

Remaining Outstanding Bonds

The District has previously issued twelve (12) series of bonds supported by the proceeds of a continuing, direct ad valorem tax, unlimited as to rate or amount, levied annually by the District upon all taxable property located within the entirety of the District. Of such twelve (12) series of bonds previously issued by the District, ten (10) series of bonds, as shown in the table below, will continue to have principal outstanding as of June 1, 2021, and, following the refunding of the Refunded Bonds, $32,245,000 principal amount of unlimited tax bonds will remain outstanding (the "Remaining Outstanding Bonds").

The following table lists the principal amounts of the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Outstanding as of June 1, 2021	Less: Refunded Bonds	Remaining Outstanding Bonds
Series 2013 Road Bonds	$4,755,000	$305,000	–	$305,000
Series 2013A Road Bonds	2,160,000	1,810,000	$1,725000	85,000
Series 2014 Road Bonds	3,435,000	2,995,000	–	2,995,000
Series 2015 Road Bonds	2,390,000	2,065,000	–	2,065,000
Series 2016 Road Ref. Bonds	4,670,000	4,240,000	–	4,240,000
Series 2017 Bonds	5,550,000	5,260,000	–	5,260,000
Series 2018 Utility Bonds	6,080,000	5,775,000	–	5,775,000
Series 2018 Road Bonds	1,160,000	1,130,000	–	1,130,000
Series 2019 Road Ref. Bonds	3,635,000	3,615,000		3,615,000
Series 2019 Utility Bonds	7,015,000	6,775,000	–	6,775,000
	$40,850,000	$33,970,000	$1,725,000	$32,245,000

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with Zions Bancorporation, National Association, Houston, Texas, as escrow agent (the "Escrow Agent").

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be June 17, 2021). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain other lawfully available debt service funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and a portion of such funds will be used to purchase United States Treasury Obligations (the "Escrowed Securities") maturing at such times and amounts as will be sufficient to pay scheduled payments on the Refunded Bonds on their redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Payment of Refunded Bonds

The Refunded Bonds and the interest due thereon are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company NA, the paying agent for the Refunded Bonds. The Bond Order provides that, from the proceeds of the sale of the Bonds and other lawfully available funds of the District, the District will deposit with the paying agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the paying agent for the Refunded Bonds in a segregated payment account (the "Payment Account").

At the time of delivery of the Bonds, Robert Thomas CPA, LLC will verify to the District, Escrow Agent, the paying agent for the Refunded Bonds, Bond Counsel, Underwriter's Counsel, Underwriter and Financial Advisor that the monies held in the Escrow Fund are sufficient to pay, when due, the principal of and interest on the Refunded Bonds on the redemption date. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

By the deposit of the cash with the paying agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior orders of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited, and the amounts so deposited in the Escrow Fund will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:	
Principal Amount of the Bonds	$1,875,000.00
Net Discount	(20,562.30)
Debt Service Fund Transfer	30,000.00
Accrued Interest on the Bonds	1,764.44
Total Sources of Funds	$1,886,202.14
USES OF FUNDS:	
Deposit for Payment of Refunded Bonds	$1,768,110.63
Deposit of Accrued Interest to Debt Service Fund	1,764.44
Issuance Expenses and Underwriter's Discount	112,335.04
Additional Proceeds	3,992.03
Total Uses of Funds	$1,886,202.14

DISTRICT DEBT

General

2020 Taxable Assessed Valuation	$	335,162,883	(a)
Estimated Valuation as of December 1, 2020	$	482,560,000	(b)
Direct Debt:			
The Remaining Outstanding Bonds	$	32,245,000	
The Bonds	$	1,875,000	
Total	$	34,120,000	
Estimated Overlapping Debt	$	23,002,201	(c)
Total Direct and Estimated Overlapping Debt	$	57,122,201	
Direct Debt Ratios:			
Based on 2020 Taxable Assessed Valuation		10.18	%
Based on Estimated Valuation as of December 1, 2020		7.07	%
Direct and Estimated Overlapping Debt Ratios:			
Based on 2020 Taxable Assessed Valuation		17.04	%
Based on Estimated Valuation as of December 1, 2020		11.84	%
Road System Debt Service Fund Balance (as of April 28, 2021)	$	1,474,891	(d)
Utility System Debt Service Fund Balance (as of April 28, 2021)	$	1,673,768	(e)
Capital Projects Fund Balance (as of April 28, 2021)	$	338,958	
Operating Fund Balance (as of April 28, 2021)	$	2,297,229	

(a) Represents the taxable amount of the assessed valuation as of January 1, 2020, of taxable property in the District, as provided by the Hays Central Appraisal District and the Travis Central Appraisal District upon certification of the 2019 appraisal rolls. Such amount includes $335,091,770 of taxable value associated with properties located in Hays County, Texas, and $71,113 of taxable value associated with properties located in Travis County, Texas. See "TAXING PROCEDURES" and "TAX DATA."

(b) Provided by the Hays Central Appraisal District for information purposes only. This estimate reflects the addition of the taxable value of new construction within the District from January 1, 2020, to December 1, 2020. No taxes will be levied on this estimate. Such amount does not include taxable value associated with taxable property located in the District within Travis County. See "TAXING PROCEDURES" and "TAX DATA."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System.

(e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.

2020 Tax Rate		
Road System Debt Service	$0.340	(a)
Utility System Debt Service	$0.370	(a)
Maintenance & Operation	$0.190	
Total	$0.900	
Average Annual Debt Service Requirement (2021–2044)	$2,020,326	(b)
Maximum Annual Debt Service Requirement (2038)	$2,411,388	(b)
Combined Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2020–2043) at 95% Tax Collections		
Based on 2020 Taxable Assessed Valuation	$0.64	
Based on Estimated Valuation as December 1, 2020	$0.45	
Combined Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2037) at 95% Tax Collections		
Based on 2020 Taxable Assessed Valuation	$0.76	
Based on Estimated Valuation as December 1, 2020	$0.53	
Single-Family Homes as of April 1, 2021	820	(c)

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.

(b) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

(c) Includes approximately 820 completed single-family homes and 0 homes under construction within the District as of April 1, 2021.

Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

Taxing Jurisdiction	Outstanding Debt February 28, 2021	Estimated Overlapping Percent	Estimated Overlapping Amount	
Hays County	$474,159,579	1.26%	$ 5,959,381	
Hays Consolidated ISD	440,090,000	3.76%	16,535,641	
Austin Community College District	386,255,000	0.13%	507,180	
Total Estimated Overlapping Debt			$ 23,002,201	(a)
The District			$ 34,120,000	(b)
Total Direct & Estimated Overlapping Debt			$ 57,122,201	

(a) A small portion of the District is situated in Travis County, Texas, and within the following taxing jurisdictions: Travis County, Travis County Healthcare District, and Austin Independent School District. The value of taxable property within the District that is within these taxing jurisdictions represents less than 0.001% of the value of the taxing jurisdictions and does not have a material impact upon the District's debt burden.

(b) Includes the Bonds and the Remaining Outstanding Bonds.

Debt Ratios

Direct Debt Ratios:

Based on 2020 Taxable Assessed Valuation	10.18 %
Based on Estimated Valuation as of December 1, 2020	7.07 %

Direct and Estimated Overlapping Debt Ratios:

Based on 2020 Taxable Assessed Valuation	17.04 %
Based on Estimated Valuation as of December 1, 2020	11.84 %

Debt Service Requirements

The following schedule sets forth the debt service requirements of the Remaining Outstanding Bonds and the principal and interest requirement on the Bonds.

Calendar Year	Outstanding Debt Service	Less: Refunded Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest	Total Debt Service
2021	$2,296,570	$43,111	$ –	$ 9,925	$2,263,384
2022	2,307,708	86,221	10,000	39,700	2,271,186
2023	2,309,618	126,221	55,000	39,400	2,277,796
2024	2,322,793	129,721	60,000	37,750	2,290,821
2025	2,317,098	112,921	45,000	35,950	2,285,126
2026	2,327,735	116,661	50,000	34,600	2,295,674
2027	2,335,880	110,139	45,000	33,100	2,303,841
2028	2,336,958	98,789	30,000	32,200	2,300,369
2029	2,350,978	102,859	35,000	31,600	2,314,719
2030	2,366,733	96,659	30,000	30,900	2,330,974
2031	2,373,803	90,679	25,000	30,300	2,338,424
2032	2,372,878	89,929	25,000	29,800	2,337,749
2033	2,379,091	89,179	25,000	29,300	2,344,213
2034	2,382,616	78,429	15,000	28,800	2,347,988
2035	2,398,249	78,174	15,000	28,500	2,363,575
2036	2,430,581	522,919	460,000	28,200	2,395,863
2037	2,443,781	524,969	470,000	19,000	2,407,813
2038	2,447,413	525,625	480,000	9,600	2,411,388
2039	1,637,638	–	–	–	2,271,186
2040	1,231,175	–	–	–	2,277,796
2041	1,232,638	–	–	–	2,290,821
2042	1,232,625	–	–	–	2,285,126
2043	871,150	–	–	–	2,295,674
2044	401,700	–	–	–	2,303,841
Total	$49,107,404	$3,023,203	$1,875,000	$528,625	$48,558,694

Average Annual Debt Service Requirement (2021–2044) $1,757,626

Maximum Annual Debt Service Requirement (2038) $2,411,388

TAXING PROCEDURES

Set forth below is a summary of certain provisions of the Texas Tax Code (the "Tax Code") relating to the District's ability to levy and collect property taxes on property within the District. Provisions of the Tax Code are complex and are not fully summarized herein. Reference is made to the Tax Code for more complete information, including the identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

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 sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and for the payment of certain contractual obligations. For the 2020 tax year, the District levied a total tax of $0.90 per $100 of assessed valuation; this total tax is composed of a maintenance and operation tax of $0.19 per $100 of assessed valuation, a utility debt service tax of $0.37 per $100 of assessed valuation and a road debt service tax of $0.34 per $100 of assessed valuation.

Tax Code and County-Wide Appraisal District

The Tax Code specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized herein. The 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 Hays Central Appraisal District and Travis Central Appraisal District (the "Appraisal Districts") have the responsibility of appraising property for all taxing units within Hays and Travis Counties, respectively, including the District. Such appraisal values will be subject to review and change by the Hays County Appraisal Review Board and Travis County Appraisal Review Board (the "Appraisal Review Boards"). The appraisal roll, as approved by the Appraisal Review Boards, will be used by the District in establishing its tax rolls and tax rate.

The Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraisers must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the Appraisal Review Boards by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the Appraisal Review Boards, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The Appraisal Districts are governed by boards of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the Appraisal Districts. The Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the Appraisal Districts at least once every three years. It is not known what frequency of future reappraisals will be utilized by the Appraisal Districts or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of one hundred percent (100%) is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2016 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2016 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

Hays County or Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, either Hays Consolidated Independent School District or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a reinvestment zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

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

The 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 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the 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 Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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 years for agricultural use and taxes for the previous five years for open space land and timberland.

Notice and Hearing Procedures

The Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year.

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 "Low Tax Rate Districts." 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.

Low Tax Rate Districts

Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback 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 Low Tax Rate District is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District are 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 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 a rollback 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 Low Tax Rate District, Developed District or Developing District will be made on an annual basis. For the 2020 tax year, the Board of Directors determined that the District's classification is that of a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

District and Taxpayer Remedies

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

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 date of delinquency may be postponed if the tax bills are mailed after January 10. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based on valuation of property within the District as of the preceding January 1.

Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Tax Code also makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

Property owners who are disabled or at least 65 years of age or older and qualify to receive a homestead exemption, may pay property taxes in four equal installments following a disaster. Further, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead.

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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 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. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due November 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, not to exceed $1.00 per $100 of assessed valuation, for operation and maintenance purposes. For the 2020 tax year, the District levied a total tax of $0.90 per $100 of assessed valuation; this total tax is composed of a maintenance and operation tax of $0.19 per $100 of assessed valuation, a utility debt service tax of $0.37 per $100 of assessed valuation and a road debt service tax of $0.34 per $100 of assessed valuation.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Master District Contract Tax:	Unlimited (no legal limit as to rate or amount).
Parks and Recreational Facilities Tax:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.00 per $100 assessed valuation.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2016–2020 tax years:

Tax Year	Taxable Valuation	Tax Rate(a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 02/28/2021
2016	$177,897,738	$0.900	$1,601,080	99.79%	2017	100.00%
2017	228,740,476	0.900	2,058,664	99.76	2018	100.00
2018	251,014,621	0.900	2,259,132	99.73	2019	99.99
2019	306,259,139	0.900	2,756,332	99.93	2020	99.99
2020	335,162,883	0.900	3,016,466	97.97 (b)	2021	97.97

(a) Total tax rate per $100 of taxable assessed valuation. Includes a tax for maintenance and operation purposes. See "Tax Rate Distribution" below.
(b) As of February 28, 2021.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Road System Debt Service	$0.370	$0.410	$0.505	$0.510	$0.580
Utility System Debt Service	0.340	0.375	$0.295	$0.150	$0.000
Maintenance	0.190	0.115	$0.100	$0.240	$0.320
	$0.900	$0.900	$0.900	$0.900	$0.900

Analysis of Tax Base

The following table illustrates the District's total taxable value in each of tax years 2016–2020 by type of property.

Type of Property	2020 Net Taxable Value	2019 Net Taxable Value	2018 Net Taxable Value	2017 Net Taxable Value	2016 Net Taxable Value
Land	$ 73,110,205	$ 56,821,282	$ 43,665,016	$ 38,923,739	$ 36,385,899
Improvements	265,556,672	232,982,434	190,382,919	170,764,228	131,064,770
Personal Property	33,273,893	35,957,474	28,379,705	31,339,866	22,488,321
Exemptions	(36,777,887)	(19,502,051)	(11,208,767)	(8,758,240)	(12,041,252)
Total	$335,162,883	$306,259,139	$251,218,873	$232,269,593	$177,897,738

Principal Taxpayers

The following represents the principal taxpayers, type of property, and their taxable values as of January 1, 2020:

Taxpayer	Types of Property	Taxable Valuation 2020 Tax Roll	Percentage of District's 2020 Taxable Value
US Foodservice Inc.	Land, Improvements & Personal	$ 39,175,691	11.689%
Continental 396 Fund LLC	Land & Improvements	32,378,380	9.660%
Exeter Buda Land LP	Land & Improvements	13,855,555	4.134%
2428 Partners LP (a)	Land & Improvements	10,178,370	3.037%
Buda Tuscany Partners LP	Land & Improvements	5,862,959	1.749%
Austin 35 Assurance LLC	Land	4,719,700	1.408%
Daimler Trust	Personal	4,473,215	1.335%
Buda Huntington Partners LTD	Land & Improvements	3,246,441	0.969%
Flamingo Hospitality Inc.	Land & Improvements	2,411,588	0.720%
WAMSFTX LLC	Land & Improvements	2,357,840	0.703%
Total		$111,231,822	35.404%
% of 2020 Taxable Value			

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds and the Remaining Outstanding Bonds if no growth in the District occurs beyond the District's taxable assessed valuation as of January 1, 2020 ($335,162,883), or the estimated valuation as of December 1, 2020 ($482,560,000). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2021–2044) .... $ 2,020,326
 Combined Tax Rate of $0.64 on the 2020 Taxable Assessed Valuation produces .... $ 2,037,790
 Combined Tax Rate of $0.45 on the Estimated Valuation as of December 1, 2020, produces...... $ 2,062,944

Maximum Annual Debt Service Requirement (2038)........ $ 2,411,388
 Combined Tax Rate of $0.76 on the 2020 Taxable Assessed Valuation produces .... $ 2,419,876
 Combined Tax Rate of $0.53 on the Estimated Valuation as of December 1, 2020, produces...... $ 2,429,690

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2020 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

	2020 Tax Rate Per $100 of Assessed Value	
Taxing Jurisdiction	**Hays County**	**Travis County (a)**
The District	$0.900000	$0.900000
Hays County	0.392400	---
Hays County Emergency Service District No. 8	0.100000	---
Northeast Hays Emergency Service District No. 2	0.075000	---
Hays County Special Road & Bridge	0.028800	
Hays Consolidated Independent School District	1.403700	1.403700
Austin Community College District	0.105800	0.105800
Travis County	---	0.374359
Travis County Healthcare District	---	0.110306
Travis County Emergency Service District No. 11	---	0.100000
	$3.005700	$2.994165

(a) A small portion of the District is located in Travis County, Texas.

THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District was created by Order of the TCEQ dated June 27, 2005, as Winfield Municipal Utility District No. 1 of Hays and Travis Counties. By Order of the TCEQ dated April 10, 2006, the name of the District was changed to Sunfield Municipal Utility District No. 1. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. In addition, pursuant to Chapter 8200, Texas Special District Code, the District is authorized to construct, acquire, improve, maintain and operate roads located within or outside its boundaries. The District is also authorized 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; and the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. 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 does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Description

The District is situated in both Hays County, Texas, and Travis County, Texas. Approximately 654.45 of the District's 686 total acres are within Hays County and approximately 31.55 acres are in Travis County. The District is located approximately 15 miles south of the City of Austin, Texas, and approximately 2 miles east of the City of Buda, Texas. The District is bordered on the north by Turnersville Road, on the south by Farm-to-Market Road 2001 and includes Firecracker Road. The District is located partly within the limited purpose corporate limits and wholly within the extraterritorial jurisdiction of the City of Buda, Texas. The District is located primarily in Hays Consolidated Independent School District and a small portion of undeveloped acreage within the District is in Austin Independent School District. The District is located wholly within the approximately 2,790-acre, master-planned community known as "Sunfield" and wholly within an area certificated to the Goforth Special Utility District ("Goforth SUD") for the providing of retail water. See "THE ROAD AND UTILITY SYSTEMS."

Management of the District

The District is governed by a board of five directors which has control and management supervision over all affairs of the District. None of the present members of the Board reside within the District, but all own real property located within the boundaries of the District. Directors are elected in even-numbered years for staggered, four-year terms. The present members and officers of the Board are listed below:

Name	Position	Term Expires May
Kindra Poage	President	2022
Tara Hays	Vice President	2022
Cynthia Schultz	Secretary	2024
Leisha Ehlert	Assistant Secretary	2022
Sarah Vlcek	Assistant Secretary	2024

The District has contracted with the following companies to operate its utilities and recreational facilities:

Tax Assessor/Collector: The District's Tax Assessor/Collector is the Hays County Tax Office.

Bookkeeper: Municipal Accounts & Consulting LP serves as bookkeeper to the District.

Utility System Operator: The Master District operates the District's wastewater system. The Master District has contracted with Inframark to operate the wastewater system as well as master water storage and pumping facilities. However, as described herein under "THE SYSTEM – Wastewater Treatment and Conveyance System," an agreement for the transfer of ownership of the wastewater system serving Sunfield to Guadalupe-Blanco River Authority is currently pending. Upon completion of this transaction, the Guadalupe-Blanco River Authority will operate the District's wastewater system. Goforth SUD operates the District's water system.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. Mark C. Eyring, CPA, PLLC performed the audit of the District's financial statements for the fiscal year ended September 30, 2020. See "APPENDIX A."

Engineer: Murfee Engineering Company, Inc. (the "Engineer") is retained as the District's engineer for all Sunfield Districts. There are 2 other engineering firms that were hired to design the District's subdivisions, utility infrastructure and roads. The Engineer designed the Master District's water and wastewater facilities.

General Counsel & Bond Counsel: The District has engaged Coats Rose, P.C., Dallas, Texas, as General Counsel and Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Financial Advisor: The District has engaged Robert W. Baird & Co. Incorporated as financial advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Special Consultants Related to Issuance of the Bonds

Verification Agent – At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, Bond Counsel, Underwriter's Counsel, Escrow Agent, paying agent for the Refunded Bonds and the Underwriter certain matters related to the issuance of the bonds and the refunding of the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

Homebuilders within the District

Homebuilders active within Sunfield include Centex Homes, Pulte Homes, Castle Rock Homes, Gehan Homes, Taylor Morrison (formerly William Lyon Homes and RSI) and Chesmar Homes Austin. Homes being constructed in Sunfield range in price from $215,000 to $500,000.

Strategic Partnership and Economic Development Agreements

Effective September 19, 2006, the District and the City of Buda, Texas, entered into a Strategic Partnership Agreement ("SPA"), whereby the City of Buda, Texas, annexed certain commercial areas of the District for the limited purposes of applying certain city planning, zoning, health and safety ordinances in the area annexed for limited purposes. Effective September 19, 2006, the District and the Developer entered into an Economic Development Agreement ("EDA") whereby the parties set for the terms and conditions of performance based economic development grant payments contemplated by the SPA to be made to the Developer for the development and construction of certain infrastructure (the "infrastructure"). Under the terms of the SPA and the EDA (hereinafter collective the "Agreements") the City of Buda, Texas, will impose a one percent (1%) sales tax in the areas annexed for limited purposes. The Agreements provide that the City of Buda, Texas, will pay the Developer twenty five percent (25%) of the revenues collected by the City of Buda, Texas, within the limited purpose annexed property, if the infrastructure has been completed as outlined in the Agreements. In addition, the City of Buda, Texas, has agreed that it will not annex the District for full purposes (a traditional annexation) until the earlier of thirty years from the effective date of the SPA or upon completion of and issuance of District bonds for 90% of utility infrastructure necessary for the District.

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DEVELOPMENT STATUS OF THE DISTRICT

The District contains approximately 686 total acres of land. To date, approximately 820 single-family lots have been developed within the District in the following residential subdivisions: Sunfield, Phase 1, Sections 1, 2, 5, and 6 and Phase 2, Sections 3, 4 and 11. Such subdivisions encompass approximately 224 total acres. As of April 1, 2021, single-family residential development within the District included approximately 820 completed homes (approximately 820 occupied, 0 unoccupied, and 0 model homes), approximately 0 homes under construction, and approximately 0 vacant, developed lots.

The following table summarizes development within the District as of April 1, 2021:

	Section Acreage	Total Lots	Homes Completed	Homes Under Construction	Developed Vacant Lots
Sunfield Phase 1					
Section 1	57.68	159	159	0	0
Section 2	37.67	189	189	0	0
Section 5	15.25	73	73	0	0
Section 6	9.17	46	46	0	0
Sunfield Phase 2					
Section 3	19.82	19	19	0	0
Section 4	62.03	214	214	0	0
Section 11	22.82	120	120	0	0
Single-Family Residential Total	224.44	820	820	0	0
Multi-Family & Commercial	173.79				
Undeveloped Developable	264.36				
Roadway	14.77				
Undevelopable Acres	8.63				
Total	686.00				

SUNFIELD

Sunfield is a master-planned community located 15 miles south of downtown Austin, Texas, and 2 miles east of Buda, Texas. Sunfield is bounded by Turnersville Road on the north, Farm-to-Market Road 2001 on the south and Firecracker Road is located within the project.

All 2,790 acres of land that make up Sunfield are located within one of four municipal utility districts created by order of the TCEQ to serve Sunfield: the District, Sunfield Municipal Utility District No. 2 ("SMUD No. 2"), Sunfield Municipal Utility District No. 3 ("SMUD No. 3"), and Sunfield Municipal Utility District No. 4 ("SMUD No. 4" in its capacity as an internal district and the "Master District" in its capacity as the Master District). To date, all material development in Sunfield has occurred within the District and SMUD No. 3.

Currently, approximately 650 acres (2,997 lots) within Sunfield have been developed for single-family residential use. As of April 1, 2021, there were approximately 2,153 total completed homes (approximately 2,138 occupied, 1 unoccupied, and 14 model homes), approximately 201 homes under construction, and approximately 298 vacant developed lots. In addition, as of April 1, 2021, approximately 60.45 acres (262 single-family lots) are under development. Sunfield also includes approximately 171.48 acres developed for retail industrial, multi-family, and recreational uses, and approximately 468.63 undevelopable acres.

Current commercial development within the District and Sunfield Municipal Utility District No. 3 (SMUD No. 3) consists of: U.S. Foods, Inc., a regional food servicing distribution operator for restaurants, hospital facilities, governmental operations and educational institutions, purchased a 40.17-acre site in 2010 on which it has constructed a 277,000 square-foot office, dry food storage, refrigerated food storage, and freezer food storage facility and a 10,000 square-foot maintenance facility; Tractor Supply Company, a retail farm and ranch store chain, purchased approximately 3.82 acres on which it has constructed a 19,100 square foot retail store; Burger King: on 0.801 acres; a national franchised fast food chain restaurant; Studio 6 Hotel, on 1.40 acres operates a Hotel across the street from Baylor Scott and White Hospital; Health Center Commercial Building, a 2.5-acre 20,000 square foot multi-tenant medical office building with Ascension Seton and Dell Children's Medical

Group as major tenants; Baylor Scott and White Hospital Group, purchased 19.60 acres for the construction of a hospital and retail facility estimated investment value of at least $35 million in land, buildings, equipment, inventory and other improvements necessary for a full medical facility. The hospital opened for operations in October of 2019 and includes a full-service emergency department, medical office space, retail pads, operating rooms, imaging, and other facilities; Exeter Property Group (Industrial), owned under the name of Exeter Buda Land LP, purchased 36.78 acres and developed 300,000 square feet of industrial space that has been leased to Amazon. The second phase of this industrial space has been updated to a distribution logistics vehicle lot that will handle the food to go portion of the business line. Exeter Property Group has another 6.5 acres under contract with plans to develop additional industrial space; Sunfield Station Athletic Complex, purchased 8 in April of 2018 and constructed a 30,000 square foot indoor multi-use sports complex and associated sports retail center with an estimated 60,000 square feet of building/retail space. Construction of Sunfield Station was completed in 2019. The complex primarily focuses on indoor volleyball but also includes basketball and other sports. The project estimates that each tournament at the facility will bring up to 1,500 visitors to the City of Buda, Texas, with that number estimated to increase as tournaments grow in size and frequency. Long-range projections indicate the annual visitor count to the facility could exceed 40,000; SNKS Convenience Store, A convenience store site consisting of 1.40 acres was sold and will be located at the corner of Main Street and Campo Del Sol. It will include various convenience store products as well as beer and wine sales and gas facilities; Kiddie Academy Educational Learning Center (Daycare), a 2.16-acre site to the west of Sunfield Station on Main Street was purchased by Buda Enterprise Phase 1, LLC which operates a national franchise known as Kiddie Academy Educational Learning Center. This day care center opened in 2020; HCISD Elementary School, A 16.5-acre site was donated to Hays Consolidated Independent School District for a future elementary school site. An upcoming bond election is scheduled for May 2021, which will provide funds for construction if passed; AMP CNG, purchased 1.733 acres and constructed a high-pressure lignified natural gas station that fuels all of the U.S. Foods transportation vehicles as well as other LNG clients; Tuscany Apartments, a multi-family development that includes 196 units on 13 acres, which historically is 90-98% leased; Huntington, which purchased 5.81 acres in 2009, which consists of 120 units of senior living apartments. These units are historically 90-100% leased; The Royalton at Sunfield, in February of 2019, SWBC, an apartment developer, closed on approximately 16.59 acres in Sunfield, of which approximately 12.46 acres are located within the District and the remaining located in SMUD No. 3. Construction is underway for the approximately 300-unit multi-family development. This apartment complex is due to open in 2021. In 2020, Buda School Development LLC purchased 10 acres to open a charter school to include K-6 initially with plans to grow through High School. The charter school is slated to open for the 2022-2023 school year. The remaining commercial acreage in Sunfield is made up of approximately 230 acres which include developed commercial pads, commercial, retail and light industrial land, as well as multi-family land.

At full development, it is anticipated that Sunfield will contain approximately 1,005 acres of residential development, 83 acres of multi-family development, approximately 760 acres of commercial and industrial development, and 942 acres of land for community and recreational uses. The District makes no representation as to the timing or likelihood of such development occurring.

Homebuilders active within Sunfield include Centex Homes, Pulte Homes, Castle Rock Homes, Gehan Homes, Taylor Morrison (formerly William Lyon Homes and RSI), and Chesmar Homes Austin. Homes being constructed in Sunfield range in price from $215,000 to $500,000. Homebuilding began in Sunfield in July of 2010 and approximately 15 homes were constructed during 2010; 55 homes were constructed in 2011; 136 homes were constructed in 2012; 129 homes were constructed in 2013; 45 were constructed in 2014; 124 homes were constructed in 2015, 138 homes were constructed in 2016; 151 homes were constructed in 2017; 341 homes were constructed in 2018; 476 homes were constructed in 2019; and approximately 416 homes in 2020.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

The Developer

The previous developer of land within the District was 2428 SF PH 1 LLC, a Texas limited liability company (the "Previous Developer"), which is wholly owned by 2428 Partners, LLC. 2428 Partners, LLC is compromised of 2428 Management, LLC, general partner, and IHP Fund III, LLC, limited partner. The principal developer of land within the District is Sunfield Development LLC (the "Developer"), which purchased land from the Previous Developer on December 29, 2020. Sunfield Development LLC is compromised of VP Sunfield Holdings LLC and IHP SF Investments LLC. Sunfield Investments LLC is an additional land owner within the District which owns land that is planned for future commercial, industrial and multi-family uses. Sunfield Investments LLC is compromised of VP Sunfield Holdings LLS and IHP SF Investments LLC. Development activity within the District is managed by Scarborough Services LLC ("Development Manager"), a third-party management company controlled by James R. Feagin and Ryan Burkhardt, on behalf of the Developer. The Developer and its related entities currently own approximately 125.68 acres in the District, 0 vacant developed lots in the District, 0 lots under development in the District, as well as approximately 1,395 acres in the remainder of Sunfield.

Development Financing

Funding for development of Sunfield is provided by a combination of cash contributions from its partners and a revolving line of credit from Western Alliance Bank (the "Lender"). The Developer had an outstanding principal balance of $18,970,000 with the Lender is in good standing with all loan covenants and requirements.

Lot-Sales Contracts

The Developer has entered into lot-sales contracts with Castle Rock Communities, LP ("CR"), Centex Homes ("Centex"), Gehan Homes, LTD ("Gehan"), Taylor Morrison ("TM" herein and including William Lyon Homes and RSI, former entities of TM), and Chesmar Homes Austin, LTD ("Chesmar") for the purchase of all of the 820 total lots within the District. According to the Developer, the homebuilders are in compliance with the obligations under their respective lot-sales contracts, and, as of April 1, 2021, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
CR	367	367
Centex	251	251
Gehan	71	71
William Lyon	60	60
Chesmar	71	71
Totals	820	820

THE SYSTEM

Regulation

According to the Engineer, the water distribution, wastewater collection and storm water drainage facilities and roads constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City of Buda, Goforth SUD, the Texas Department of Transportation and Hays and Travis Counties. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and, the water and sanitary sewer system has been inspected by the appropriate jurisdictional entities.

Operation of the District's waterworks and sewer facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Description of the Road and Utility Systems

- Roads -

The Road System includes arterial roads (major and minor) and internal roads. The major arterial roads include the realignment of Farm-to-Market Road 2001, Firecracker Road and the Loop 4/Main Street extension. These roads are necessary improvements required to serve the District. Various roads are built providing vehicular access to each subdivision within the District. All roads built to serve the District are conveyed to the county in which the road is located for maintenance and operation.

Planning for road extensions and development of a road infrastructure that includes subdivision roads, major and minor arterials and highway/parkway is a task that involves various entities and planning groups. The two primary entities with road planning efforts in the vicinity are the City of Buda, Texas, and the Capital Area Metropolitan Planning Organization ("CAMPO"). These two entities have adopted planning studies that include road improvements anticipated to be constructed as part of Sunfield. The City of Buda, Texas, has adopted the Buda Master Transportation Plan, and CAMPO has adopted the 2030 Regional Roadway System. The road improvements developed and planned in Sunfield comply with both of these plans, in part, by contributing arterial roads and feeder roads. Additionally, the City of Buda, Texas, through the adoption of a Traffic Impact Analysis and Mitigation Plan for Sunfield, has set the design standards for the roads to serve Sunfield. In addition, the Texas Transportation Commission has proposed the realignment of a section of Farm-to-Market Road 2001 east of Interstate Highway 35 and a Main Street extension to State Highway 45 and includes the construction of an interchange and frontage roads, a portion of which will need to be funded by the Sunfield Districts.

- Wastewater Treatment and Conveyance System -

Sunfield is provided wastewater treatment from the Master District's 500,000 gallons per day ("gpd") wastewater treatment plant. The District is a co-permit holder with the Guadalupe-Blanco River Authority ("GBRA") with whom the Master District has contracted to operate the plant. The wastewater treatment plant is permitted for up to 0.99 million gpd. The wastewater collection system consists of 12 and 8 inch diameter gravity collection lines that connect to the Master District's 24 inch wastewater trunkline feeding the wastewater treatment plant. The Master District constructed extensions to the wastewater system to provide service to the northern portions of the District. The extensions included gravity collection lines, a lift station and forcemain. Current flows at the plant are approximately 280,000 gpd. In December of 2020, each of the Sunfield Districts approved an agreement under which the Master District would convey the entirety of the wastewater system serving Sunfield to the GBRA. It is anticipated that this agreement and the transfer of ownership of the wastewater system to the GBRA will be completed in May of 2021. Following completion of the sale, the GBRA will be the retail provider of wastewater service to the Sunfield Districts and be responsible for the operation and maintenance of the wastewater system serving Sunfield, including the District.

- Water Supply and Distribution -

Sunfield is provided water service through 8, 12, and 16 inch water lines constructed by the District and the Master District and conveyed to Goforth SUD, as the retail service provider, for operation and maintenance. The entire development to date is within the Certificate of Convenience and Necessity No. 11356 held by Goforth SUD. The Master District constructed water system improvements to provide and improve water service to the development. The improvements included a 500,000 gallon elevated storage tank, a 1,500 gallon per minute pump station, a 250,000 gallon ground storage tank, an interconnect and meter assembly, a 16 inch water transmission main, and a 24 inch water transmission main. The existing water supply facilities are sufficient to serve approximately 4,630 living unit equivalents ("LUEs"). Goforth SUD currently is serving approximately 1,414 LUEs in SMUD No. 3 and approximately 1,266 LUEs in District.

- Drainage -

The Sunfield development is provided with drainage of stormwater via a curb and guttered street system, buried storm pipes connecting to drainage channels and detention ponds. The land generally slopes southeasterly in the drainage basin of the Blanco River. A majority of the District drains to the north into the Onion Creek watershed and eventually to the Colorado River. A small portion drains to the Plum Creek watershed and eventually to the Guadalupe-Blanco River.

- Agreement Regarding Wholesale Water Supply and Wastewater Treatment -

The Master District is a party to various agreements with the GBRA pursuant to which Master District has acquired a supply of water for approximately 4,630 LUEs and the transportation of such water to Sunfield. Pursuant to such agreements, the Master District is reserving untreated water, paying for the cost of treating water and its pro rata share of the annual debt service on certain water treatment facilities and water trunklines conveying water to Sunfield ("GBRA Payment"). Pursuant to the hereinafter defined Master District Contract, each of the Sunfield Districts has agreed to pay a portion of the GBRA Payment based upon the projected number of connections in each district. As an obligation to the Master District, each Sunfield Districts' obligation is secured by its unlimited ad valorem taxing authority. Effective February 15, 2012, the Sunfield Districts entered into an amended and restated non-standard water utility service agreement with Goforth SUD pursuant to which Goforth SUD will be the retail provider of water service to Sunfield and will have the obligation to make a pro-rata portion of the GBRA Payment for each permanent connection made in Sunfield assumed by Goforth SUD beginning in the calendar quarter following the installation of such connection. In addition, in 2015, 2018 and 2020, as evidenced by the First Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, the Second Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, and the Third Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, Goforth SUD contracted for the early transfer of a total of 3,000,000 gallons per day ("gpd") of water and assumed the obligation to make the GBRA Payments for such total 3,000,000 gpd of water. Sunfield's pro-rata share of the GBRA Payment for the fiscal year ending September 30, 2020, was approximately $603,095. For the fiscal year ending September 30, 2021, the obligations of the Sunfield Districts are estimated to be approximately $173,165, of which the District's obligation is $0. All of the early transfers received from Goforth SUD are first applied by the Master District to the SMUD No. 1 and 3's pro-rata share of the GBRA Payment, eliminating the SMUD No. 1 and 3's obligation to make any further payments. The Master District's GBRA Payment is the obligation of SMUD No. 2 and SMUD No. 4 and is being made monthly to the Master District with monies provided by the Developer. See "INVESTMENT CONSIDERATIONS – Obligations to Guadalupe-Blanco River Authority."

The Master District has entered into a Wastewater Operating Agreement pursuant to which the GBRA operates the 500,000 gpd wastewater treatment plant serving Sunfield.

- Master District -

On April 23, 2007, the District executed a Contract for Financing, Operation of Regional Waste Collection, Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage, including Water Quality Facilities (the "Master District Contract") with the Master District relating to the following facilities and services: the Master District wastewater collection system, the Master District water distribution system, the water supply system and wastewater transportation and treatment system (collectively, the "Master District Facilities"). The Master District Contract was approved by the voters of the District at an election held on May 12, 2007. Similar contracts have been executed between the Master District and the other Sunfield Districts. The Master District Contract provides that the District and all other Sunfield Districts that have executed similar contracts with the Master District pay a pro-rata share of debt service on Contract Revenue Bonds issued to finance the Master District Facilities based upon certified appraised valuation. The District is obligated to pay its pro rata share from the proceeds of the Contract Tax (as defined in the Master District Contract) for such purpose, or from any other legally available funds of the District. 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 Master District has not yet issued any contract revenue bonds based upon the contracts with the other Sunfield Districts. The Master District is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the Master District Facilities. The District's pro rata share (and that of all other Sunfield Districts) of the debt service requirements on the contract revenue bonds is determined by dividing the District's certified gross appraised value by the cumulative total of the certified gross appraised values of all the Sunfield Districts which are parties to the Master District Contract. The Master District Contract obligates the District to pay its pro rata share of debt service requirements on the contract revenue bonds from the proceeds of the Contract Tax, revenues derived from the operation of the District's water distribution and wastewater collection system or from another legally available funds of the District.

Each Sunfield District is responsible for constructing its internal water distribution, wastewater collection and storm drainage lines within its respective boundaries. The internal facilities are financed with unlimited ad valorem tax bonds sold by each district. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Sunfield. In the event that the Master District fails to meet its obligations under the Master District Contract to provide Master District Facilities, each of the other Sunfield Districts has the right pursuant to its Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide service to such district, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual capital costs expended by such district for such Master District Facilities.

The District is further obligated to pay monthly charges for sewer services rendered pursuant to the Master District Contract. The monthly charges will be used to pay the District's share of operation and maintenance expenses of the Master District Facilities and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. The District's share of operation and maintenance expenses and reserve requirements is determined by dividing the total number of LUEs for all of the Sunfield Districts within the service area by the number of LUEs for the District, as of the first day of each month. The District's monthly payment for operation and maintenance expenses is calculated by multiplying the District's pro rata share by the actual operation and maintenance expenses of the Master District.

Pursuant to the Master District Contract, the District is obligated to establish and maintain rates, fees and charges for services provided by the District's wastewater collection system, together with taxes levied and funds received form any other lawful sources, sufficient at all times to pay the District's operation and maintenance expenses, and the District's obligations pursuant to the Master District Contract, including the District's pro rata share of the Master District's debt service requirements and monthly charges. All sums payable by the District pursuant to the Master District Contract are to be paid by the District without set off, counterclaim, abatement, suspension or diminution. If the District fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's Facilities by the District in addition to the Master District's other remedies. As a practical matter, the District has no alternative provider of these services rendered under the Master District Contract.

[*Remainder of this page intentionally left blank.*]

Historical Operations of the Road and Utility Systems

The following is a summary of the District's operating fund for the last five years. The figures below were obtained from the District's annual financial reports, reference to which is hereby made. See "APPENDIX A." The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	Fiscal Year Ended September 30				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	$345,950	$252,488	$568,134	$567,284	$92,577
Penalties and Interest	1,382	3,206	899	431	74
Tap Connection and Inspection Fees	1,800	48,600	4,500	18,450	68,400
Master District Surplus Billings	350,864	130,032	85,516	127,765	145,141
Interest on Deposits and Investments	25,313	30,257	13,530	3,144	1,187
Other	–	–	–	–	–
Total Revenues	$725,309	$464,583	$672,579	$717,074	$307,379
Expenditures					
Service Operations					
Professional Fees	$78,055	$107,145	$65,066	$84,256	$86,635
Contracted Services	51,475	53,732	45,653	40,102	39,143
Utilities	19,622	19,567	17,987	23,089	16,247
Repairs and Maintenance	41,571	42,400	35,250	155,685	91,286
Administrative	19,662	16,877	15,896	21,827	23,671
Capital Outlay	154,285	–	–	–	–
Total Expenditures	$364,670	$239,721	$179,852	$324,959	$256,982
Excess (Deficit) of Revenues	$360,639	$224,862	$492,727	$392,115	$50,397

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas; Hays County, Texas; Travis County, Texas; the City of Buda, Texas; or any political subdivision other than the District. The Bonds are secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS – Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Central Texas area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Economic Factors Affecting Taxable Values and Tax Payments

The rate of development within the District is directly related to the vitality of the single-family and multi-family housing, commercial and industrial markets in the Austin, Texas metropolitan area. The principal landowner within the District is Sunfield Development LLC, a Texas limited liability company (the "Developer"). See "THE DEVELOPER." The Developer's ability to successfully market property in the District can be affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of construction would restrict the growth of property values in the District. Although 820 single-family homes have been completed in the District as of April 1, 2021, the District cannot predict the pace or magnitude of future development, if any, in the District. See "DEVELOPMENT STATUS OF THE DISTRICT."

***Developer's Obligations to the District*:** There is no commitment by or legal requirement of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home or commercial construction activity in the District. Failure to construct taxable improvements on developed lots and commercial tracts would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT STATUS OF THE DISTRICT" and "THE DEVELOPER."

***Concentration of Tax Base*:** The District's tax base is concentrated in a small number of taxpayers. As reflected in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the District's ten principal taxpayers in 2020 owned property located in the District, the aggregate certified assessed valuation of which comprised approximately 35.4% of the District's total certified assessed valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. See "DEVELOPMENT STATUS OF THE DISTRICT." Failure by one or more of the District's principal property owners to make full and timely payments of taxes due, or a decline in the District's tax base due to a diminution of the personal property component thereof as described above, may have an adverse effect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meets its debt service requirements. See "APPENDIX A."

Maximum 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 property owners to pay their taxes. The 2020 Taxable Assessed Valuation of property within the District is $335,162,883, and the Estimated Valuation as of December 1, 2020, is $482,560,000. After issuance of the Bonds, the estimated maximum annual debt service requirement on the Remaining Outstanding Bonds and the Bonds will be $2,411,388 (2038) and the estimated average annual debt service requirement on the Outstanding Bond and the Bonds will be $2,020,326 (2021–2044). See "DISTRICT DEBT – Debt Service Requirements."

Assuming no increase nor decrease from the 2020 Taxable Assessed Valuation, a tax rate of $0.76 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of $0.64 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. Assuming no increase nor decrease from the Estimated Valuation as of December 1, 2020, a tax rate of $0.53 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of $0.45 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. For the 2020 tax year, the District levied a total tax of $0.90 per $100 of assessed valuation; this total tax is composed of a maintenance and operation tax of $0.19 per $100 of assessed valuation, a utility debt service tax of $0.37 per $100 of assessed valuation and a road debt service tax of $0.34 per $100 of assessed valuation.

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and 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 proceedings 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 "TAX DATA – Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayer's right to redeem property after foreclosure). Finally, a 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.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Registered Owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under the laws of the State of Texas (the "State"), there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. A registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court has ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without United States Bankruptcy Court ("Bankruptcy Court") approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

Future Debt

Following the issuance of the Bonds, the District will have the following principal amounts of unlimited tax bonds remaining authorized but unissued: $30,345,000 for the purpose of purpose of purchasing, constructing, acquiring and maintaining a Utility System to serve the District; $2,335,000 for the purpose of purchasing, constructing, acquiring and maintaining the Road System; $5,995,000 for the purpose of purchasing, constructing, acquiring and maintaining parks and recreational facilities to serve the District; and $32,155,000 for the purpose of refunding bonds issues for the purpose of purchasing, constructing, acquiring and maintaining the Road System. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. 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. Currently, the District owes the Developer approximately $500,000 for the existing water, sewer, and drainage facilities, approximately $1,320,000 for the existing park facilities, and approximately $1,400,000 for the existing road facilities serving the District. See "DEVELOPMENT STATUS OF THE DISTRICT."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the Engineer, following the issuance of the Bonds, the remaining principal amount of authorized but unissued unlimited tax bonds will be sufficient to fully reimburse the Developer for the existing facilities and finance the water, sewer and drainage facilities, roads, park and recreational facilities necessary to serve the remaining undeveloped but developable land within the District.

The District is part of the approximately 2,790-acre master-planned community of "Sunfield." Sunfield is comprised of the District, Sunfield Municipal Utility District No. 2 ("SMUD No. 2"), Sunfield Municipal Utility District No. 3 ("SMUD No. 3"), and Sunfield Municipal Utility District No. 4 (referred to herein as "SMUD No. 4" in its capacity as a Sunfield District or "Master District" in its capacity as the Master District). The District, SMUD No. 2, SMUD No. 3, and SMUD No. 4 are collectively referred to herein as the "Sunfield Districts." See "SUNFIELD."

The District has entered into a Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities with the Master District pursuant to which the Master District will provide the regional water, sanitary sewer and drainage facilities and capacities ("Master District Facilities"), and each Sunfield District will pay its pro-rata share of such cost. From time to time, the Master District will issue contract revenue bonds, and each Sunfield District will pay a portion of the debt service thereon based upon the amount of ad valorem tax base located within its boundaries. Currently, neither SMUD No. 2 nor SMUD No. 4 has experienced any development, although each has entered into a similar agreement to pay for Master District Facilities; development within Sunfield is limited to the development within the District and SMUD No. 3.

Currently, the Master District owes the Developer approximately $29,000,000 for the Master District Facilities. The Master District has is currently in the process of submitting an application to the TCEQ for approval to issue its first series of bonds. The principal amount of such series of bonds is approximately $17,200,000. Upon receipt of approval from the TCEQ, the Master District anticipates that it will issue such bonds in 2021. See "THE ROAD AND UTILITY SYSTEMS."

Bonds issued by the District and the Master District for water, sewer and drainage facilities are subject to prior approval by the TCEQ. The TCEQ has certain economic feasibility rules that, for districts located in Hays and Travis Counties, limit the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding $1.20 per $100 of assessed valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads currently are not subject to such economic feasibility rules but are subject to a "no growth tax rate limitation" of $2.50 per $100 of assessed valuation imposed by the Attorney General of Texas.

In conjunction with granting its consent to the creation of the District, the City of Buda, Texas, the Developer, and the District entered into an agreement which provides that the City must review and approve each issuance of bonds by the District. In the event the Developer is in breach of certain agreements with the City, the City may refuse to grant such consent until satisfactory arrangements are made with the City. The City has consented to the issuance of the Bonds by the District. See "THE DISTRICT."

Competitive Nature of Austin Residential Commercial/Industrial Market

The housing, commercial and industrial construction industry in the City of Austin, Texas, area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The competitive position of the Developer and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Environmental Regulation

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; and
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility 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.

Obligations to Guadalupe-Blanco River Authority

The Master District has entered into an Agreement Regarding Wholesale Treated Water Service with the Guadalupe-Blanco River Authority ("GBRA"). Pursuant to such agreement, GBRA currently provides wholesale water supply to the Master District. See "THE SYSTEM." GBRA is a regional provider of wholesale and retail water and wastewater services for areas located south of the City of Austin, Texas.

Water trunklines connecting the existing development within Sunfield to the GBRA waterlines have been constructed with monies advanced by the Developer. In 2004, the GBRA sold bonds and constructed a water line to the vicinity of Sunfield to serve the full development of the Sunfield Districts and other customers located in the vicinity of Sunfield. Each entity entitled to receive water service through such line is obligated to pay a portion of the debt service on such bonds. Initially, the Master District was obligated to pay approximately 34% of the debt service on such line. In addition to a pro-rata share of the debt service, the Master District is required to pay an annual water reservation fee. The Master District's annual water reservation fee and pro-rata share of debt service allocated to Sunfield are collectively referred to herein as the "GBRA Payment."

Effective February 15, 2012, the Sunfield Districts entered into an amended and restated non-standard water utility service agreement with Goforth Special Utility District ("Goforth SUD") pursuant to which Goforth SUD will be the retail water provider and will have the obligation to make a portion of the GBRA Payment for each permanent connection in Sunfield assumed by Goforth SUD. In addition, in 2015, 2018 and 2020, as evidenced by the First Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, the Second Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, and the Third Amendment to Amended and Restated Non-Standard Water Utility Service Agreement by and between Goforth SUD and Sunfield Municipal Utility District Nos. 1, 3 and 4, Goforth SUD contracted for the early transfer of a total of 3,000,000 gallons per day ("gpd") of water and assumed the obligation to make the GBRA Payments for such total 3,000,000 gpd of water. For the fiscal year ending September 30, 2020, the Sunfield Districts were responsible for approximately $603,095 of the GBRA payment. The GBRA Payment is estimated to be approximately $173,165 for the fiscal year ending September 30, 2021, of which the District's obligation is $0. Each Sunfield District is responsible for its pro-rata share of the GBRA Payment based upon its projected ultimate living unit equivalents ("LUEs"). Such obligation is secured by the unlimited ad valorem taxing authority of such Sunfield District. Pursuant to the agreement with Goforth SUD, SMUD No. 1 and the District's obligation to GBRA has been assumed by Goforth SUD in conjunction with the early transfer of 3,000,000 gpd of water. The remaining GBRA Payment is the obligation of SMUD No. 2 and SMUD No. 4 and is being made monthly by the Master District with monies advanced by the Developer. The Master District is current with all payment obligations.

Marketability of the Bonds

Except as described in the Official Notice of Sale, the District has no understanding with the underwriter of the Bonds 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of Texas, law, the District may voluntarily proceed under Chapter 9. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. The rights and remedies of the registered owners of the Bonds (the "Registered Owners") could be adjusted in accordance with the confirmed plan of adjustment of the District's debt. See "THE BONDS – Registered Owners' Remedies" and "– Bankruptcy Limitation to Registered Owners' Rights."

Continuing Compliance with Certain Covenants

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

Approval from the City of Buda

Pursuant to an agreement with the City of Buda, Texas, the District is required to receive the approval from the City of Buda, Texas, prior to issuing bonds, such as the Bonds. The agreement stipulates that the City of Buda, Texas, may deny such approval if certain road facilities are not constructed. Currently, not all such road facilities have been constructed. However, the City Council of the City of Buda, Texas, approved the issuance of the Bonds. The District makes no representation as to the likelihood of when the required road facilities will be constructed nor if the City of Buda, Texas, will approve future bond issues without such improvements.

Approval of the Bonds

As required by law the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

The Attorney General of Texas has not passed upon or guaranteed the safety of the Bonds as an investment, nor has the Attorney General passed upon the adequacy or accuracy of the information contained in this Official Statement.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the provider of the Policy (the "Insurer") at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of 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 "RATINGS."

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 or underwriter of the Bonds (the "Underwriter") has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" and "RATINGS" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Texas Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem property tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law, statutes, regulations, published rulings, and court decisions.

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE DISTRICT – General," "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "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 Developer 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.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain matters will be passed upon for the Underwriter by The Muller Law Group, PLLC, Sugar Land, Texas, Underwriter's Counsel. The fees of Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

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 subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Opinion

In the opinion of Coats Rose, P.C., Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) the Bonds will not be treated as "specified private activity bonds," the interest on which will not be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code").

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 proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of 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 Order that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Order pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District and the Initial Purchaser with respect to matters solely within the knowledge of the District and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Order or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations 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, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income 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. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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 hereof. 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 whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the 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 during the pendency of the audit regardless of the ultimate outcome of the audit.

Federal Income Tax Accounting Treatment of Original Issue Discount

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) 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 Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the inside cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

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 designated 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 2019 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 2019.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders 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 material events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system which is available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A – Audited Financial Statements of the District." The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information via EMMA. Any financial statements provided shall be prepared in accordance with generally accepted auditing standards 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 audited financial statements are not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain specified 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 within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or 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 obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties. 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 Order 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing notices to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB and has been established by the MSRB to make such continuing disclosure information available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material 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 holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the

District or the Developer, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent 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 beneficial owners of the Bonds. The District may also amend or repeal the agreement if the United States Securities and Exchange Commission amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. 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 this agreement in accordance with the Rule.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisor on behalf of the District relating to (a) computation of the adequacy of the amounts and certain available funds (if any) to pay, when due, the principal or redemption price of and interest on the Refunded Bonds and (b) the computation of the yields on the Bonds. The computations were independently verified by Robert Thomas CPA, LLC , based upon certain assumptions and information supplied by the Financial Advisor on behalf of the District, and the District. Robert Thomas CPA, LLC has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions or the achievability of future events.

SOURCES OF INFORMATION

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developer, the Tax Assessor/Collector, the Hays Central Appraisal District, the Travis Central Appraisal District and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, orders and engineering and other related reports set forth herein are included 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.

Experts

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "SALE AND DISTRIBUTION OF THE BONDS – Securities Law," "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT – General," "LEGAL MATTERS – Legal Opinions," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon the limited participation of such firm as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

The information contained in this Official Statement relating to engineering and to the description of the Road and Utility Systems generally and, in particular, the engineering information included in the sections captioned "DEVELOPMENT STATUS OF THE DISTRICT" and "THE ROAD AND UTILITY SYSTEMS" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER," "DEVELOPMENT STATUS OF THE DISTRICT" and "SUNFIELD" has been provided by the Development Manager on behalf of the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the Hays Central Appraisal District, Travis Central Appraisal District and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

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.

[*Remainder of this page intentionally left blank.*]

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Sunfield Municipal Utility District No. 1 as of the date shown on the first page hereof.

/s/ Kindra Poage
President, Board of Directors
Sunfield Municipal Utility District No. 1

ATTEST:

/s/ Cynthia Schultz
Secretary, Board of Directors
Sunfield Municipal Utility District No. 1

APPENDIX A

Audited Financial Statements of the District

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

HAYS AND TRAVIS COUNTIES, TEXAS

ANNUAL AUDIT REPORT

SEPTEMBER 30, 2020

CONTENTS

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

January 29, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sunfield Municipal
Utility District No. 1
Hays and Travis Counties, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Sunfield Municipal Utility District No. 1, as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Sunfield Municipal Utility District No. 1 as of September 30, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Emphasis of Matters

As discussed in Note 5 of the Notes to the Financial Statements, the District has substantial contingent liabilities to its developer and to other governmental entities. In addition, as discussed in Note 6 of the Notes to the Financial Statements, the District's tax base is concentrated in a small number of taxpayers, including the District's developer. My opinions are not modified with respect to these matters.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 23 be presented to supplement the basic financial statements. Such information, although not 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 24 to 47 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Sunfield Municipal Utility District No. 1 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2020.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of sewer, drainage and road services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's' activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures for water, sewer and drainage facilities from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and service revenues and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2020	2019	Change
Current and other assets	$ 3,726,593	$ 3,364,324	$ 362,269
Capital assets	12,840,652	31,824,718	(18,984,066)
Total assets	16,567,245	35,189,042	(18,621,797)
Long-term liabilities	32,647,247	38,102,035	(5,454,788)
Other liabilities	1,167,199	951,116	216,083
Total liabilities	33,814,446	39,053,151	(5,238,705)
Net position:			
Invested in capital assets, net of related debt	(20,841,652)	(7,065,936)	(13,775,716)
Restricted	1,638,005	1,628,358	9,647
Unrestricted	1,956,446	1,573,469	382,977
Total net position	$ (17,247,201)	$ (3,864,109)	$ (13,383,092)

Summary of Changes in Net Position

	2020	2019	Change
Revenues:			
Property taxes, including related penalty and interest	$ 2,703,223	$ 2,264,382	$ 438,841
Charges for services	354,046	181,838	172,208
Other revenues	51,178	91,036	(39,858)
Total revenues	3,108,447	2,537,256	571,191
Expenses:			
Service operations	475,364	781,820	(306,456)
Capital outlay	14,153,120	21,265	14,131,855
Debt service	1,863,055	1,648,478	214,577
Total expenses	16,491,539	2,451,563	14,039,976
Change in net position	(13,383,092)	85,693	(13,468,785)
Net position, beginning of year	(3,864,109)	(3,949,802)	85,693
Net position, end of year	$ (17,247,201)	$ (3,864,109)	$ (13,383,092)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2020, were $3,687,278, an increase of $380,171 from the prior year.

The General Fund balance increased by $360,639, in accordance with the District's financial plan.

The Debt Service Fund balance increased by $85,649, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by $66,117, as authorized expenditures exceeded proceeds of the Series 2019 bonds and interest earnings.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A detailed comparison of budgeted and actual revenues and expenditures is presented on Page 23 of this report. The budgetary fund balance as of September 30, 2020, was expected to be $1,574,281 and the actual end of year fund balance was $1,955,642.

Capital Asset and Debt Administration

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	Capital Assets (Net of Accumulated Depreciation)		
	2020	2019	Change
Land	$ 478,967	$ 478,967	$ 0
Construction in progress	200,000	11,435,000	(11,235,000)
Roads	0	12,583,675	(12,583,675)
Sewer facilities	6,231,131	3,544,226	2,686,905
Drainage facilities	5,930,554	3,782,850	2,147,704
Totals	$ 12,840,652	$ 31,824,718	$ (18,984,066)

Changes to capital assets during the fiscal year ended September 30, 2020, are summarized as follows:

Decreases:	
Assets transferred to other entities	$ (13,976,772)
Reduction in estimated value of developer construction	(4,720,252)
Depreciation	(287,042)
Net change to capital assets	$ (18,984,066)

Debt

Changes in the bonded debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bonded debt payable, beginning of year	$ 28,025,000
Bonds sold	7,015,000
Refunding road bonds sold	3,635,000
Road bonds refunded	(3,575,000)
Bonds paid	(1,130,000)
Bonded debt payable, end of year	$ 33,970,000

At September 30, 2020, the District had $2,335,000 unlimited tax bonds authorized but unissued for road purposes; $30,345,000 authorized but unissued for water, sanitary sewer and drainage purposes; and $5,995,000 authorized but unissued for park and recreation facilities.

On October 23, 2019, the District issued $3,635,000 in unlimited tax road refunding bonds to refund $3,575,000 of outstanding Series 2013 road bonds. The net proceeds of $3,594,854 (after payment of $162,150 in underwriting fees and other issuance costs inclusive of the District's contribution of $2,000) were used to call and retire the refunded bonds on October 23, 2019. As a result, the refunded bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

The District's Series 2016, 2017, 2018 utility, 2018 road, 2019 refunding and 2019 utility bonds have an underlying rating of Baa2 from Moody's. The Series 2016 and 2017 bonds are insured by Build America Mutual Assurance Company. The Series 2018 utility, 2018 road, 2019 refunding and 2019 utility bonds are insured by Assured Guaranty Municipal Corp. The issue rating of the 2016 and 2017 bonds is Baa2 by Moody's. The insured rating of the Series 2018 utility, 2018 road, 2019 refunding and 2019 utility bonds is A2 by Moody's. The insured rating of the 2016, 2017, 2018 utility, 2018 road, 2019 refunding and 2019 utility bonds is AA by Standard & Poor's. There were no changes in the bond ratings during the fiscal year ended September 30, 2020.

As further described in Note 5 of the Notes to the Financial Statements, the District has substantial contingent obligations to its developer for funds advanced on behalf of the District and for contractual obligations to other governmental entities. At September 30, 2020, the estimated amount due to the developer was $200,000. In addition, the developer has been advancing funds for the construction of Master District Facilities and for debt service and water reservation fees payable to the Guadalupe-Blanco River Authority. At September 30, 2020, the developer's records indicate that the Master District owes the developer approximately $33,680,000 for these purposes.

ADDITIONAL RELEVANT FACTORS

Property Tax Base

The District's tax base increased approximately $56,570,000 for the 2019 tax year (about 23%), primarily due to the addition of new houses to the tax base.

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District and the other Sunfield districts. As of September 30, 2020, a food processor's major facility comprised approximately 14% of the assessed taxable valuation within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

Relationship to the City of Buda

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Buda, the District must conform to a City of Buda ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Buda. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Effective September 19, 2006, the District and the City of Buda entered into a Strategic Partnership Agreement ("SPA"), whereby the City of Buda annexed certain commercial areas of the District for the limited purposes of applying certain city planning, zoning, health and safety ordinances in the area annexed for limited purposes. Effective September 19, 2006, the District and the developer entered into an Economic Development Agreement ("EDA") whereby the parties set for the terms and conditions of performance based economic development grant payments contemplated by the SPA to be made to the developer for the development and construction of certain infrastructure (the "infrastructure"). Under the terms of the SPA and the EDA (hereinafter collective the "Agreements") the City of Buda will impose a one percent (1%) sales tax in the areas annexed for limited purposes. The Agreements provide that the City of Buda will pay the developer twenty five percent (25%) of the revenues collected by the City of Buda within the limited purpose annexed property, if the Infrastructure has been completed as outlined in the Agreements. In addition, the City of Buda has agreed that it will not annex the District for full purposes (a traditional annexation) until the earlier of thirty years from the effective date of the SPA or upon completion of and issuance of District bonds for 90% of utility infrastructure necessary for the District.

In conjunction with granting its consent to the creation of the District, the City of Buda and the District entered into an agreement which provides that the City must review and approve each issuance of bonds by the District. In the event the developer is in breach of certain agreements with the City, the City may refuse to grant such consent until satisfactory arrangements are made with the City. The City has consented to the issuance of the issued bonds

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2020

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 298,728	$	$	$ 298,728	$	$ 298,728
Certificates of deposits, at cost, Note 7	1,150,000			1,150,000		1,150,000
Temporary investments, at cost, Note 7	338,907	1,396,043	338,820	2,073,770		2,073,770
Receivables:						
Property taxes	804	5,667		6,471		6,471
Accrued interest	7,255			7,255		7,255
Other	4,308			4,308		4,308
Due from Master District, Note 9	24,897			24,897		24,897
Prepaid expenditures	28,164			28,164		28,164
Due from other fund	2,811			2,811	(2,811)	0
Operating reserve at Master District, Note 9	133,000			133,000		133,000
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	678,967	678,967
Depreciable capital assets				0	12,161,685	12,161,685
Total assets	$1,988,874	$1,401,710	$ 338,820	$ 3,729,404	12,837,841	16,567,245
LIABILITIES						
Accounts payable	$ 21,628	$ 416	$	$ 22,044		22,044
Accrued interest payable				0	99,298	99,298
Due to other district	10,800			10,800		10,800
Due to other fund		2,811		2,811	(2,811)	0
Long-term liabilities, Note 5:						
Due within one year				0	1,035,057	1,035,057
Due in more than one year				0	32,647,247	32,647,247
Total liabilities	32,428	3,227	0	35,655	33,778,791	33,814,446
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	804	5,667	0	6,471	(6,471)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Operating reserve at Master District, Note 9	133,000			133,000	(133,000)	0
Assigned to:						
Debt service		1,392,816		1,392,816	(1,392,816)	0
Capital projects			338,820	338,820	(338,820)	0
Unassigned	1,822,642			1,822,642	(1,822,642)	0
Total fund balances	1,955,642	1,392,816	338,820	3,687,278	(3,687,278)	0
Total liabilities, deferred inflows, and fund balances	$1,988,874	$1,401,710	$ 338,820	$ 3,729,404		
Net position:						
Invested in capital assets, net of related debt, Note 4					(20,841,652)	(20,841,652)
Restricted for debt service					1,299,185	1,299,185
Restricted for capital projects					338,820	338,820
Unrestricted					1,956,446	1,956,446
Total net position					$ (17,247,201)	$(17,247,201)

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 345,950	$ 2,350,504	$	$ 2,696,454	$ 1,667	$ 2,698,121
Surplus Master District billings, Note 9	350,864			350,864		350,864
Penalty, interest and other	1,382	5,102		6,484		6,484
Tap connection and inspection fees	1,800			1,800		1,800
Accrued interest on bonds received at date of sale		12,706		12,706	(12,706)	0
Interest on deposits and investments	25,313	21,468	4,397	51,178		51,178
Total revenues	725,309	2,389,780	4,397	3,119,486	(11,039)	3,108,447
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	78,055			78,055		78,055
Contracted services	51,475			51,475		51,475
Utilities	19,622			19,622		19,622
Repairs, maintenance and other operating expenditures	41,571			41,571		41,571
Administrative expenditures	19,662			19,662		19,662
Depreciation				0	287,042	287,042
Capital outlay / non-capital outlay	154,285		6,536,811	6,691,096	7,439,961	14,131,057
Debt service:						
Principal retirement		1,130,000		1,130,000	(1,130,000)	0
Ref. contribution/Bond issuance exp.		2,000	459,353	461,353	160,150	621,503
Interest and fees		1,172,131		1,172,131	69,421	1,241,552
Total expenditures / expenses	364,670	2,304,131	6,996,164	9,664,965	6,826,574	16,491,539
Excess (deficiency) of revenues over expenditures	360,639	85,649	(6,991,767)	(6,545,479)	(6,837,613)	(13,383,092)
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		89,350	6,925,650	7,015,000	(7,015,000)	0
Bond issuance discount, Note 5		(89,350)		(89,350)	89,350	0
Refunding bonds issued, Note 5		3,635,000		3,635,000	(3,635,000)	0
Bond issuance premium, Note 5		120,004		120,004	(120,004)	0
Refunding bond issuance expenditures, Note 5		(160,150)		(160,150)	160,150	0
Payment to refunding escrow agent, Note 5		(3,594,854)		(3,594,854)	3,594,854	0
Total other financing sources (uses)	0	0	6,925,650	6,925,650	(6,925,650)	0
Net change in fund balances / net position	360,639	85,649	(66,117)	380,171	(13,763,263)	(13,383,092)
Beginning of year	1,595,003	1,307,167	404,937	3,307,107	(7,171,216)	(3,864,109)
End of year	$ 1,955,642	$ 1,392,816	$ 338,820	$ 3,687,278	$(20,934,479)	$(17,247,201)

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

NOTE 1: REPORTING ENTITY

Sunfield Municipal Utility District No. 1 (the "District") was created by an order of the Texas Commission on Environmental Quality (the “TCEQ”) dated June 27, 2005 as Winfield Municipal Utility District No. 1 of Hays and Travis Counties. By order of the TCEQ dated April 10, 2006, the name of the District was changed to Sunfield Municipal Utility District No. 1. The District operates accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on November 1, 2005, and the first bonds were sold on July 27, 2011. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, 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; and the control and diversion of storm water. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. In addition, pursuant to V.T.C.A. Special District Code, Chapter 8200, the District is authorized to construct, acquire, improve, maintain or operate roads located within or outside its boundaries. In addition, the District is empowered, if approved by the electorate, the TCEQ and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years
Roads	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 3,687,278
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total capital assets, net		12,840,652
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (33,970,000)	
Deferred charge on refunding (to be amortized as interest expense)	314,032	
Issuance discount (to be amortized as interest expense)	173,664	
Due to developer for construction	(200,000)	(33,682,304)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		6,471
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(99,298)
Net position, end of year		$(17,247,201)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		$ 380,171
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 6,536,811	
Assets transferred to other entities	(13,976,772)	
Depreciation	(287,042)	(7,727,003)
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued	(10,650,000)	
Payment to escrow agent for refunding	3,594,854	
Principal reduction	1,130,000	(5,925,146)
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Refunding charges	(32,676)	
Issuance premium, net of discount	(68,828)	(101,504)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Uncollected property taxes		1,667
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accrued interest		(11,277)
Change in net position		$(13,383,092)

NOTE 4: CAPITAL ASSETS

At September 30, 2020, “Invested in capital assets, net of related debt” was $(20,841,652). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Due to contractual obligations, other governmental entities may assume the maintenance and other incidents of ownership of certain water and sewer facilities constructed by the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of $5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 478,967	$	$	$ 478,967
Construction in progress	11,435,000		11,235,000	200,000
Total capital assets not being depreciated	11,913,967	0	11,235,000	678,967
Depreciable capital assets:				
Roads	14,882,755		14,882,755	0
Sewer system	3,746,797	2,836,256		6,583,053
Drainage system	3,910,747	2,285,395		6,196,142
Total depreciable capital assets	22,540,299	5,121,651	14,882,755	12,779,195
Less accumulated depreciation for:				
Roads	(2,299,080)		(2,299,080)	0
Sewer system	(202,571)	(149,351)		(351,922)
Drainage system	(127,897)	(137,691)		(265,588)
Total accumulated depreciation	(2,629,548)	(287,042)	(2,299,080)	(617,510)
Total depreciable capital assets, net	19,910,751	4,834,609	12,583,675	12,161,685
Total capital assets, net	$ 31,824,718	$ 4,834,609	$ 23,818,675	$ 12,840,652
Changes to capital assets:				
Capital outlay		$ 6,691,096	$	
Assets transferred to other entities			13,976,772	
Reduction in estimated value of developer construction			4,720,252	
Capital outlay paid (decrease in liability) to developers		(6,691,096)		
Assets transferred to depreciable assets		5,121,651	5,121,651	
Less depreciation expense for the fiscal year		(287,042)		
Net increases / decreases to capital assets		$ 4,834,609	$ 23,818,675	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 28,025,000	$ 10,650,000	$ 4,705,000	$ 33,970,000	$ 1,105,000
Less deferred amounts:					
For issuance (discounts) premiums	(312,732)	30,654	(108,414)	(173,664)	(37,561)
For refunding gains (charges)	(256,614)	(90,094)	(32,676)	(314,032)	(32,382)
Total bonds payable	27,455,654	10,590,560	4,563,910	33,482,304	1,035,057
Due to developer for operating advances (see below)	22,063		22,063	0	-----------
Due to developer for construction (see below)	11,435,000		11,235,000	200,000	-----------
Total due to developer	11,457,063	0	11,257,063	200,000	0
Total long-term liabilities	$ 38,912,717	$ 10,590,560	$ 15,820,973	$ 33,682,304	$ 1,035,057

Road bonds voted	$ 21,660,000
Road bonds approved for sale and sold	19,325,000
Road bonds voted and not issued	2,335,000
Water, sewer and drainage bonds voted	48,990,000
Water, sewer and drainage bonds approved for sale and sold	18,645,000
Water, sewer and drainage bonds voted and not issued	30,345,000
Parks and recreation bonds voted	5,995,000
Parks and recreation bonds approved for sale and sold	0
Parks and recreation bonds voted and not issued	5,995,000

As of September 30, 2020, the debt service requirements on the bonds payable were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 1,105,000	$ 1,191,570	$ 2,296,570
2022	1,150,000	1,157,706	2,307,706
2023	1,190,000	1,119,619	2,309,619
2024	1,240,000	1,082,793	2,322,793
2025	1,275,000	1,042,096	2,317,096
2026 - 2030	7,170,000	4,548,284	11,718,284
2031 - 2035	8,675,000	3,231,635	11,906,635
2036 - 2040	8,685,000	1,505,587	10,190,587
2041 - 2044	3,480,000	258,112	3,738,112
	$ 33,970,000	$ 15,137,402	$ 49,107,402

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The bond issues payable at September 30, 2020, were as follows:

	Series 2013	Series 2013A	Series 2014
Amounts outstanding, September 30, 2020	$305,000	$1,810,000	$2,995,000
Interest rates	2.60% to 2.80%	3.25% to 5.125%	2.50% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2022	September 1, 2021/2038	September 1, 2021/2039
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2018*	September 1, 2021*	September 1, 2023*

	Series 2015	Series 2016	Series 2017
Amounts outstanding, September 30, 2020	$2,065,000	$4,240,000	$5,260,000
Interest rates	2.50% to 4.00%	3.00% to 4.00%	3.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2021/2039	September 1, 2021/2035	September 1, 2021/2042
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2023*	September 1, 2023*	September 1, 2024*

	Series 2018 Utility	Series 2018 Road	Series 2019 Refunding**
Amounts outstanding, September 30, 2020	$5,775,000	$1,130,000	$3,615,000
Interest rates	3.00% to 4.00%	3.75% to 5.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2021/2043	September 1, 2021/2043	September 1, 2021/2038
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	September 1, 2023*	September 1, 2023*	September 1, 2027*

	Series 2019 Utility
Amounts outstanding, September 30, 2020	$6,775,000
Interest rates	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2044
Interest payment dates	March 1/September 1
Callable dates	September 1, 2025*

*Or any date thereafter, callable at the principal amount plus accrued interest, in whole or in part at the option of the District.

**See following page.

**On October 23, 2019, the District issued $3,635,000 in unlimited tax road refunding bonds to refund $3,575,000 of outstanding Series 2013 road bonds. The net proceeds of $3,594,854 (after payment of $162,150 in underwriting fees and other issuance costs inclusive of the District's contribution of $2,000) were used to call and retire the refunded bonds on October 23, 2019. As a result, the refunded bonds are considered defeased and the liability for these bonds has been removed from the financial statements.

Developer Construction Commitments, Liabilities and Advances

The developer within the District has constructed certain underground facilities within the District's boundaries. The District has agreed to reimburse the developer for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of future bond issues to the extent approved by the Texas Commission on Environmental Quality. The developer stated that unreimbursed cost of the construction in progress at September 30, 2020, was $200,000. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

Contingent Liabilities

The District is part of the master-planned community of "Sunfield." Sunfield is comprised of the District, Sunfield Municipal Utility District No. 2, Sunfield Municipal Utility District No. 3, and Sunfield Municipal Utility District No. 4 ("SMUD No. 4"), collectively, the "Participants." On April 23, 2007, the District executed a "Contract for Financing, Operation of Regional Waste Collection Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage, including Water Quality Facilities" ("Master District Contract') with SMUD No. 4 in its capacity as the "Master District."

Pursuant to the contract, the Master District will provide the regional water, sanitary sewer and drainage facilities and capacities ("Master District Facilities") and each Participant will pay its pro rata share of such cost. Each Participant is responsible for constructing its internal water distribution, wastewater collection and storm drainage lines within its respective boundaries. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Sunfield. From time to time, the Master District will issue its Contract Revenue Bonds, and each Participant will pay a portion of the debt service thereon based upon the amount of ad valorem tax base located within its boundaries. The District is obligated to pay its pro rata share from the proceeds of a Contract Tax for such purpose, or from any other legally available funds of the District. The Master District has not issued any Contract Revenue Bonds.

The Master District is a party to various agreements with the Guadalupe-Blanco River Authority ("GBRA") pursuant to which the Master District has acquired a supply of water and the transportation of such water to Sunfield. Pursuant to such agreements, the Master District is reserving untreated water, paying for the costs of treating water and its pro rata share of the annual debt service on certain water treatment facilities and water trunklines conveying water to Sunfield. As an obligation of the Master District, such payments are secured by the unlimited ad valorem taxing authority of each of the Participants. Such payments are currently being made with monies advanced to the Master District by the developer. In the event the developer and/or the Sunfield districts fail to advance monies to the Master District to make such payments, the Sunfield districts would be required to make their pro rata share of such payments based upon their assessed valuation. Such payments may be substantial.

The developer has been advancing funds for the construction of Master District Facilities and for debt service and water reservation fees payable to the GBRA. At September 30, 2020, the developer's records indicate that the Master District owes the developer approximately $33,680,000 for these purposes. The allocation of the amount due to the developer to the participant districts has not been determined.

Bonds issued by the District and the Master District for water, sewer and drainage facilities are subject to prior approval by the Texas Commission on Environmental Quality ("TCEQ"). Such agency has in place certain "economic feasibility rules" which for districts located in Hays and Travis Counties limits the amount of bonds which can be issued to an amount that can be amortized with a tax rate not exceeding $1.20 per $100 valuation, including all other obligations of the issuer secured by ad valorem taxes. Bonds to be issued by the District for roads are not currently subject to such "economic feasibility rules" but are subject to a "no growth tax rate limitation" of $2.50 per $100 valuation imposed by the Office of the Attorney General of Texas.

In conjunction with granting its consent to the creation of the District, the City of Buda and the District entered into an agreement which provides that the City must review and approve each issuance of bonds by the District. In the event the developer is in breach of certain agreements with the City, the City may refuse to grant such consent until satisfactory arrangements are made with the City. The City has consented to the issuance of the issued bonds.

NOTE 6: PROPERTY TAXES AND CONCENTRATION OF TAX BASE

The Hays Central Appraisal District and Travis Central Appraisal District have the responsibility for appraising property for all taxing units within the respective counties as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District 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.

At an election held May 12, 2007, the voters within the District authorized a maintenance tax not to exceed $1.00 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District. There is no tax limitation on the rate or amount of taxes that can be levied to (1) pay debt service on wastewater and drainage bonds; (2) to pay debt service on road bonds; (3) to pay debt service on parks and recreation facilities bonds; (4) to satisfy its contractual obligations to the Master District; and (5) to satisfy its contractual obligations to the GBRA.

On September 11, 2019, the District levied the following ad valorem taxes for the 2019 tax year on the adjusted taxable valuation of $302,721,455:

	Rate	Amount
Debt service	$ 0.3750	$ 1,135,848
Maintenance	0.1150	348,327
Road debt service	0.4100	1,241,860
	$ 0.9000	$ 2,726,035

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2019 tax year total property tax levy	$ 2,726,035
Appraisal district adjustments to prior year taxes	(27,914)
Statement of Activities property tax revenues	$ 2,698,121

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Concentration of Tax Base

The District’s tax base is concentrated in a small number of taxpayers. The District’s developer owns a substantial portion of land within the District and the other Sunfield districts. As of September 30, 2020, a food processor’s major facility comprised approximately 14% of the assessed taxable valuation within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions and in TexPool, a local government investment pool sponsored by the State Comptroller. TexPool is rated AAAm by Standard & Poor’s.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was $1,448,728 and the bank balance was $1,541,475. Of the bank balance, $1,400,000 was covered by federal insurance and $141,475 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in TexPool was $2,073,770.

Deposits restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Temporary investments	$ 1,396,043

Capital Projects Fund

For construction of capital assets:

Temporary investments	$ 338,820

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At September 30, 2020, the District had physical damage and boiler and machinery coverage of $350,000, comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, pollution liability coverage of $1,000,000 and consultant's crime coverage of $10,000.

NOTE 9: CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES

Master District Contract

The District is part of the master-planned community of "Sunfield." Sunfield is comprised of the District, Sunfield Municipal Utility District No. 2, Sunfield Municipal Utility District No. 3, and Sunfield Municipal Utility District No. 4 ("SMUD No. 4"), collectively, the "Participants." On April 23, 2007, the District executed a "Contract for Financing, Operation of Regional Waste Collection Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage, including Water Quality Facilities" ("Master District Contract') with SMUD No. 4 in its capacity as the "Master District."

Pursuant to the contract, the Master District will provide the regional water, sanitary sewer and drainage facilities and capacities ("Master District Facilities") and each Participant will pay its pro rata share of such cost. Each Participant is responsible for constructing its internal water distribution, wastewater collection and storm drainage lines within its respective boundaries. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Sunfield. From time to time, the Master District will issue its Contract Revenue Bonds, and each Participant will pay a portion of the debt service thereon based upon the amount of ad valorem tax base located within its boundaries. The District is obligated to pay its pro rata share from the proceeds of a Contract Tax for such purpose, or from any other legally available funds of the District. The Master District has not issued any Contract Revenue Bonds. See Note 5 for a further discussion of the obligations of the District regarding the construction costs of the Master District Facilities.

The District is further obligated to pay monthly charges for water and sewer services rendered pursuant to the Master District Contract. Participants will be billed monthly by the Master District for (1) the pro rata share of the Master District's monthly operation and maintenance expense, based upon usage or the number of equivalent single family residential customers, whichever is appropriate and (2) any costs incurred by the Master District for the operation and maintenance of the District's facilities. Each Participant will also be credited for the revenues earned by the Master District for services to customers within the Participant's boundaries. If, at the end of a fiscal year, revenues generated by customers in the Participant's boundaries exceed the costs of operating and maintaining the Master District and Participant facilities, the Master District will refund the surplus revenues or credit the Participant for the amount in the next fiscal year. During the year ended September 30, 2020, the Master District recorded surplus billings to the District in the amount of $350,864. At that date, $24,897 was receivable from the Master District.

The contact authorizes the establishment of an operating and maintenance reserve by the Master District equal to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. The Master District may adjust the reserve as needed, not less than annually. As of September 30, 2020, the Master District had contributed $133,000 of the Master District's $217,967 operating reserve.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Agreements Regarding Wholesale Water Supply and Wastewater Treatment

The Master District is a party to various agreements with the Guadalupe-Blanco River Authority (“GBRA”) pursuant to which the Master District has acquired a supply of water and the transportation of such water to Sunfield. Pursuant to such agreements, the Master District is reserving untreated water, paying for the costs of treating water and its pro rata share of the annual debt service on certain water treatment facilities and water trunklines conveying water to Sunfield. As an obligation of the Master District, such payments are secured by the unlimited ad valorem taxing authority of each of the Participants. Such payments are currently being made with monies advanced to the Master District by the developer (see Note 5).

The Master District has entered into a Wastewater Operating Agreement pursuant to which the GBRA operates the 250,000 gpd wastewater treatment plant serving Sunfield.

Water Utility Service Agreement

On October 1, 2007, amended and restated February 15, 2012 (as amended July 7, 2015 and August 22, 2018), the District and Sunfield Municipal Utility District Nos. 3 and 4 entered into a water utility service agreement with Goforth Special Utility District (“Goforth”). The agreement provides that each of the Participants is responsible for the acquisition and construction of all internal facilities necessary for the distribution of water to retail customers within its boundaries. As these facilities are acquired or constructed, the facilities will be conveyed to Goforth. Retail water service will be provided to customers in each district by Goforth in accordance with its standard rates.

Billing and Collection Agreement

On February 15, 2012, the Master District entered into a billing and collection agreement with Goforth. The agreement provides that Goforth will serve as agent for the Master District for the purposes of billing and collecting sanitary sewer charges for water customers of Goforth who: (1) are recipients of sanitary sewer service from the Master District; (2) are located within certain property within the Sunfield districts, and any other areas mutually agreed to by Goforth and the Master District in the future; and (3) have executed a sanitary sewer service agreement with the Master District. Retail sewer service will be billed to customers in each district by Goforth in accordance with in accordance with the Master District's rate order.

NOTE 10: STRATEGIC PARTNERSHIP AND ECONOMIC DEVELOPMENT AGREEMENTS

Effective September 19, 2006, the District and the City of Buda entered into a Strategic Partnership Agreement (“SPA”), whereby the City of Buda annexed certain commercial areas of the District for the limited purposes of applying certain city planning, zoning, health and safety ordinances in the area annexed for limited purposes. Effective September 19, 2006, the District and the developer entered into an Economic Development Agreement (“EDA”) whereby the parties set for the terms and conditions of performance based economic development grant payments contemplated by the SPA to be made to the developer for the development and construction of certain infrastructure (the “infrastructure”). Under the terms of the SPA and the EDA (hereinafter collective the “Agreements”) the City of Buda will impose a one percent (1%) sales tax in the areas annexed for limited purposes. The Agreements provide that the City of Buda will pay the developer twenty five percent (25%) of the revenues collected by the City of Buda within the limited purpose annexed property, if the Infrastructure has been completed as outlined in the Agreements. In addition, the City of Buda has agreed that it will not annex the District for full purposes (a traditional annexation) until the earlier of thirty years from the effective date of the SPA or upon completion of and issuance of District bonds for 90% of utility infrastructure necessary for the District.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 298,817	$ 298,817	$ 345,950	$ 47,133
Surplus Master District billings	0	0	350,864	350,864
Penalty and other	500	500	1,382	882
Tap connection and inspection fees	13,500	13,500	1,800	(11,700)
Interest on deposits and investments	10,001	10,001	25,313	15,312
TOTAL REVENUES	322,818	322,818	725,309	402,491
EXPENDITURES				
Service operations:				
Purchased services	51,060	51,060	0	(51,060)
Professional fees	127,000	127,000	78,055	(48,945)
Contracted services	63,000	63,000	51,475	(11,525)
Utilities	25,000	25,000	19,622	(5,378)
Repairs, maintenance and other operating expenditures	51,800	51,800	41,571	(10,229)
Administrative expenditures	25,680	25,680	19,662	(6,018)
Capital outlay	0	0	154,285	154,285
TOTAL EXPENDITURES	343,540	343,540	364,670	21,130
EXCESS REVENUES (EXPENDITURES)	(20,722)	(20,722)	360,639	381,361
FUND BALANCE, BEGINNING OF YEAR	1,595,003	1,595,003	1,595,003	0
FUND BALANCE, END OF YEAR	$ 1,574,281	$ 1,574,281	$ 1,955,642	$ 381,361

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SEPTEMBER 30, 2020

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

[X] TSI-5. Long-Term Debt Service Requirements by Years

[X] TSI-6. Changes in Long-Term Bonded Debt

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year

[X] TSI-8. Board Members, Key Personnel and Consultants

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

SCHEDULE OF SERVICES AND RATES

SEPTEMBER 30, 2020

1. Services Provided by the District during the Fiscal Year:

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

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

__ Other

2. Retail Service Providers

a. Retail Rates for a 5/8" meter (or equivalent) (Rates from Master District Rate Order):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	$7.00	0	N	$2.25	1 to 6,000
				3.25	6,001 to 12,000
				5.25	Over 12,000
WASTEWATER:	$44.00	0	N	$4.25	Over 0
STORM WATER:	$1.00				

District employs winter averaging for wastewater usage: Yes __ No X

Total charges per 10,000 gallons usage: Water: $33.50 Wastewater: $86.50 Storm Water: $1.00

b. Water and Wastewater Retail Connections:

Not Applicable. See Note 9 of the Notes to the Financial Statements.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Not Applicable. See Note 9 of the Notes to the Financial Statements.

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

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

If yes, date of the most recent Commission Order: __________________

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

If yes, date of the most recent Commission Order: __________________

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

EXPENDITURES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 10,950	$	$	$ 10,950
Legal	42,638			42,638
Engineering	24,467			24,467
	78,055	0	0	78,055
Contracted services:				
Bookkeeping	33,142			33,142
Tax assessor-collector	9			9
Appraisal district	18,324			18,324
	51,475	0	0	51,475
Repairs, maintenance and other Operating expenditures	41,571	0	0	41,571
Utilities	19,622	0	0	19,622
Administrative expenditures:				
Director's fees	5,400			5,400
Office supplies and postage	2,669			2,669
Insurance	6,523			6,523
Other	5,070			5,070
	19,662	0	0	19,662
CAPITAL OUTLAY				
Authorized expenditures	154,285	0	6,536,811	6,691,096
DEBT SERVICE				
Principal retirement	0	1,130,000	0	1,130,000
Ref. contribution/Bond issuance exp.	0	2,000	459,353	461,353
Interest and fees:				
Interest		1,168,286		1,168,286
Paying agent fees		3,845		3,845
	0	1,172,131	0	1,172,131
TOTAL EXPENDITURES	$ 364,670	$ 2,304,131	$ 6,996,164	$ 9,664,965

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	$ 31,654	$ 2,391,114	$ 4,397	$ 2,427,165
Maintenance tax receipts		347,678		347,678
Transfer of maintenance taxes	344,516			344,516
Surplus billings by Master District received	344,907			344,907
Proceeds from sale of bonds		3,755,004	6,925,650	10,680,654
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	721,077	6,493,796	6,930,047	14,144,920
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	196,468			196,468
Capital outlay	154,285		6,536,811	6,691,096
Debt service		2,304,131	459,353	2,763,484
Increase in reserve at Master District	36,352			36,352
Payment to escrow agent for refunding		3,594,854		3,594,854
Refunding bond issuance expenditures		160,150		160,150
Transfer of maintenance taxes		344,516		344,516
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	387,105	6,403,651	6,996,164	13,786,920
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	333,972	90,145	(66,117)	358,000
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	1,453,663	1,305,898	404,937	3,164,498
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	$ 1,787,635	$ 1,396,043	$ 338,820	$ 3,522,498

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

SEPTEMBER 30, 2020

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 91300011912736	1.53%	1/09/21	$ 100,000	$ 960
No. 12416	0.60%	8/12/21	100,000	81
No. 12525	1.25%	4/23/21	100,000	548
No. 80003382	1.48%	3/20/21	100,000	787
No. 4191222	0.60%	7/14/21	100,000	128
No. 36000368	0.95%	2/25/21	100,000	471
No. 36001407	1.10%	5/15/21	100,000	416
No. 6000027208	0.75%	6/21/21	100,000	207
No. 6000029493	1.80%	12/05/20	100,000	1,302
No. 9009004147	0.55%	9/09/21	100,000	32
No. 6002400259	1.85%	10/16/20	100,000	1,591
No. 6002400284	1.85%	11/10/20	50,000	732
			$ 1,150,000	$ 7,255
TexPool				
No. 7927800004	Market	On demand	$ 338,907	$ 0
DEBT SERVICE FUND				
TexPool				
No. 7927800001	Market	On demand	$ 1	$ 0
No. 7927800003	Market	On demand	552,988	0
No. 7927800011	Market	On demand	843,054	0
			$ 1,396,043	$ 0
CAPITAL PROJECTS FUND				
TexPool				
No. 7927800010	Market	On demand	$ 31,036	$ 0
No. 7927800012	Market	On demand	19,382	0
No. 7927800013	Market	On demand	121	0
No. 7927800014	Market	On demand	288,281	0
			$ 338,820	$ 0
Total All Funds			$ 3,223,770	$ 7,255

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 529	$ 2,516	$ 1,759
Additions and corrections to prior year taxes	(2,102)	(20,310)	(55,502)
Adjusted receivable, beginning of year	(1,573)	(17,794)	(3,743)
2019 ADJUSTED TAX ROLL	348,327	1,241,860	1,135,848
Total to be accounted for	346,754	1,224,066	1,132,105
Refund of prior year taxes collected in prior years	4,366	22,050	12,881
Tax collections: Current tax year	(347,678)	(1,239,548)	(1,133,733)
Prior tax years	(2,638)	(3,473)	(8,681)
RECEIVABLE, END OF YEAR	$ 804	$ 3,095	$ 2,572
RECEIVABLE, BY TAX YEAR			
2018	$ 155	$ 783	$ 457
2019	649	2,312	2,115
RECEIVABLE, END OF YEAR	$ 804	$ 3,095	$ 2,572

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2019	2018	2017	2016
Land	$ 56,707,969	$ 43,455,858	$ 38,963,461	$ 25,606,509
Improvements	232,982,434	190,382,919	170,764,228	98,659,450
Personal property	32,393,392	23,337,736	31,234,275	23,782,961
Less exemptions	(19,362,340)	(11,025,962)	(8,985,105)	(11,183,530)
TOTAL PROPERTY VALUATIONS	$ 302,721,455	$ 246,150,551	$ 231,976,859	$ 136,865,390
TAX RATES PER $100 VALUATION				
Debt service tax rates	$ 0.37500	$ 0.29500	$ 0.15000	$ 0.58000
Road debt service tax rates	0.41000	0.50500	0.51000	0.00000
Master District contract tax rates	0.00000	0.00000	0.00000	0.00000
Maintenance tax rates*	0.11500	0.10000	0.24000	0.32000
TOTAL TAX RATES PER $100 VALUATION	$ 0.90000	$ 0.90000	$ 0.90000	$ 0.90000
TAX ROLLS	$ 2,726,035	$ 2,261,363	$ 2,093,696	$ 1,599,638
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.8 %	99.9 %	100 %	100 %

*Maximum tax rate approved by voters on May 12, 2007: $1.00

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

SEPTEMBER 30, 2020

	Series 2013		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 150,000	$ 8,240	$ 295,687
2022	155,000	4,340	296,788
TOTALS	$ 305,000	$ 12,580	$ 592,475

	Series 2013A		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 45,000	$ 89,084	$ 134,084
2022	40,000	87,620	127,620
2023	40,000	86,221	126,221
2024	45,000	84,721	129,721
2025	30,000	82,920	112,920
2026	35,000	81,661	116,661
2027	30,000	80,139	110,139
2028	20,000	78,789	98,789
2029	25,000	77,859	102,859
2030	20,000	76,659	96,659
2031	15,000	75,678	90,678
2032	15,000	74,929	89,929
2033	15,000	74,179	89,179
2034	5,000	73,429	78,429
2035	5,000	73,174	78,174
2036	450,000	72,919	522,919
2037	475,000	49,969	524,969
2038	500,000	25,625	525,625
TOTALS	$ 1,810,000	$ 1,345,575	$ 3,155,575

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2014		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 100,000	$ 109,392	$ 209,392
2022	105,000	106,892	211,892
2023	110,000	104,006	214,006
2024	115,000	100,980	215,980
2025	120,000	97,414	217,414
2026	125,000	93,576	218,576
2027	135,000	89,512	224,512
2028	140,000	84,788	224,788
2029	145,000	79,888	224,888
2030	155,000	74,668	229,668
2031	160,000	68,854	228,854
2032	170,000	62,654	232,654
2033	175,000	56,026	231,026
2034	185,000	49,026	234,026
2035	195,000	41,624	236,624
2036	200,000	33,824	233,824
2037	210,000	25,826	235,826
2038	220,000	17,424	237,424
2039	230,000	8,626	238,626
TOTALS	$ 2,995,000	$ 1,305,000	$ 4,300,000

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2015		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 70,000	$ 76,066	$ 146,066
2022	75,000	74,316	149,316
2023	75,000	72,254	147,254
2024	80,000	70,004	150,004
2025	85,000	67,524	152,524
2026	90,000	64,761	154,761
2027	90,000	61,791	151,791
2028	95,000	58,731	153,731
2029	100,000	55,406	155,406
2030	105,000	51,656	156,656
2031	110,000	47,719	157,719
2032	115,000	43,456	158,456
2033	120,000	39,000	159,000
2034	125,000	34,200	159,200
2035	135,000	29,200	164,200
2036	140,000	23,800	163,800
2037	145,000	18,200	163,200
2038	150,000	12,400	162,400
2039	160,000	6,400	166,400
TOTALS	$ 2,065,000	$ 906,884	$ 2,971,884

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2016		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 195,000	$ 161,100	$ 356,100
2022	210,000	155,250	365,250
2023	220,000	148,950	368,950
2024	225,000	142,350	367,350
2025	240,000	135,600	375,600
2026	250,000	126,000	376,000
2027	260,000	116,000	376,000
2028	280,000	105,600	385,600
2029	290,000	94,400	384,400
2030	305,000	82,800	387,800
2031	325,000	70,600	395,600
2032	335,000	57,600	392,600
2033	350,000	44,200	394,200
2034	370,000	30,200	400,200
2035	385,000	15,400	400,400
TOTALS	$ 4,240,000	$ 1,486,050	$ 5,726,050

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2017		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 155,000	$ 182,175	$ 337,175
2022	160,000	177,525	337,525
2023	165,000	172,725	337,725
2024	175,000	167,775	342,775
2025	180,000	162,525	342,525
2026	185,000	157,125	342,125
2027	195,000	151,575	346,575
2028	200,000	145,725	345,725
2029	210,000	139,725	349,725
2030	220,000	133,425	353,425
2031	230,000	126,000	356,000
2032	235,000	118,238	353,238
2033	245,000	110,012	355,012
2034	255,000	101,438	356,438
2035	265,000	91,875	356,875
2036	275,000	81,937	356,937
2037	290,000	71,625	361,625
2038	300,000	60,750	360,750
2039	310,000	49,500	359,500
2040	325,000	37,875	362,875
2041	335,000	25,687	360,687
2042	350,000	13,125	363,125
TOTALS	$ 5,260,000	$ 2,478,362	$ 7,738,362

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2018		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 155,000	$ 219,738	$ 374,738
2022	160,000	213,538	373,538
2023	165,000	207,138	372,138
2024	175,000	202,188	377,188
2025	180,000	196,938	376,938
2026	190,000	191,538	381,538
2027	195,000	185,838	380,838
2028	205,000	179,500	384,500
2029	215,000	172,324	387,324
2030	225,000	164,262	389,262
2031	230,000	155,824	385,824
2032	240,000	147,200	387,200
2033	250,000	137,600	387,600
2034	265,000	127,600	392,600
2035	275,000	117,000	392,000
2036	285,000	106,000	391,000
2037	300,000	94,600	394,600
2038	310,000	82,600	392,600
2039	325,000	70,200	395,200
2040	335,000	57,200	392,200
2041	350,000	43,800	393,800
2042	365,000	29,800	394,800
2043	380,000	15,200	395,200
TOTALS	$ 5,775,000	$ 3,117,626	$ 8,892,626

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2018 Road		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 30,000	$ 46,900	$ 76,900
2022	30,000	45,400	75,400
2023	35,000	43,900	78,900
2024	35,000	42,150	77,150
2025	35,000	40,400	75,400
2026	35,000	38,650	73,650
2027	40,000	36,900	76,900
2028	40,000	35,400	75,400
2029	40,000	33,900	73,900
2030	45,000	32,400	77,400
2031	45,000	30,600	75,600
2032	45,000	28,800	73,800
2033	50,000	27,000	77,000
2034	50,000	25,000	75,000
2035	55,000	23,000	78,000
2036	55,000	20,800	75,800
2037	60,000	18,600	78,600
2038	60,000	16,200	76,200
2039	65,000	13,800	78,800
2040	65,000	11,200	76,200
2041	70,000	8,600	78,600
2042	70,000	5,800	75,800
2043	75,000	3,000	78,000
TOTALS	$ 1,130,000	$ 628,400	$ 1,758,400

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2019 Refunding		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 10,000	$ 106,550	$ 116,550
2022	10,000	106,350	116,350
2023	170,000	106,150	276,150
2024	175,000	102,750	277,750
2025	185,000	97,500	282,500
2026	190,000	91,950	281,950
2027	200,000	86,250	286,250
2028	205,000	80,250	285,250
2029	210,000	74,100	284,100
2030	220,000	67,800	287,800
2031	230,000	61,200	291,200
2032	235,000	54,300	289,300
2033	245,000	47,250	292,250
2034	250,000	39,900	289,900
2035	260,000	32,400	292,400
2036	265,000	24,600	289,600
2037	270,000	16,650	286,650
2038	285,000	8,550	293,550
TOTALS	$ 3,615,000	$ 1,204,500	$ 4,819,500

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Series 2019		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 195,000	$ 192,325	$ 387,325
2022	205,000	186,475	391,475
2023	210,000	178,275	388,275
2024	215,000	169,875	384,875
2025	220,000	161,275	381,275
2026	230,000	152,475	382,475
2027	235,000	147,875	382,875
2028	240,000	143,175	383,175
2029	250,000	138,375	388,375
2030	255,000	133,063	388,063
2031	265,000	127,325	392,325
2032	275,000	120,700	395,700
2033	280,000	113,825	393,825
2034	290,000	106,825	396,825
2035	300,000	99,575	399,575
2036	305,000	91,700	396,700
2037	315,000	83,312	398,312
2038	325,000	73,863	398,863
2039	335,000	64,112	399,112
2040	345,000	54,900	399,900
2041	355,000	44,550	399,550
2042	365,000	33,900	398,900
2043	375,000	22,950	397,950
2044	390,000	11,700	401,700
TOTALS	$ 6,775,000	$ 2,652,425	$ 9,427,425

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

SEPTEMBER 30, 2020

	Annual Requirements for All Series		
Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total
2021	$ 1,105,000	$ 1,191,570	$ 2,296,570
2022	1,150,000	1,157,706	2,307,706
2023	1,190,000	1,119,619	2,309,619
2024	1,240,000	1,082,793	2,322,793
2025	1,275,000	1,042,096	2,317,096
2026	1,330,000	997,736	2,327,736
2027	1,380,000	955,880	2,335,880
2028	1,425,000	911,958	2,336,958
2029	1,485,000	865,977	2,350,977
2030	1,550,000	816,733	2,366,733
2031	1,610,000	763,800	2,373,800
2032	1,665,000	707,877	2,372,877
2033	1,730,000	649,092	2,379,092
2034	1,795,000	587,618	2,382,618
2035	1,875,000	523,248	2,398,248
2036	1,975,000	455,580	2,430,580
2037	2,065,000	378,782	2,443,782
2038	2,150,000	297,412	2,447,412
2039	1,425,000	212,638	1,637,638
2040	1,070,000	161,175	1,231,175
2041	1,110,000	122,637	1,232,637
2042	1,150,000	82,625	1,232,625
2043	830,000	41,150	871,150
2044	390,000	11,700	401,700
TOTALS	$ 33,970,000	$ 15,137,402	$ 49,107,402

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(1)	(2)	(3)	(4)
Bond Series:	2013	2013A	2014	2015
Interest Rate:	2.60% to 2.80%	3.25% to 5.125%	2.50% to 4.00%	2.50% to 4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2021/2022	September 1, 2021/2038	September 1, 2021/2039	September 1, 2021/2039
Bonds Outstanding at Beginning of Current Year	$ 4,020,000	$ 1,865,000	$ 3,090,000	$ 2,130,000
Less Retirements	(3,715,000)	(55,000)	(95,000)	(65,000)
Bonds Outstanding at End of Current Year	$ 305,000	$ 1,810,000	$ 2,995,000	$ 2,065,000
Current Year Interest Paid:	$ 11,600	$ 90,734	$ 111,530	$ 77,528

Bond Descriptions and Original Amount of Issue

(1) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2013 ($4,755,000)

(2) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2013A ($2,160,000)

(3) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2014 ($3,435,000)

(4) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2015 ($2,390,000)

Paying Agent/Registrar

(1) (2) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

(3) (4) Amegy Bank, N. A., Houston, Texas

Net Debt Service Fund deposits and investments balances as of September 30, 2020:	$ 1,329,816
Average annual debt service payment for remaining term of all debt:	2,046,142

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(5)	(6)	(7)	(8)
Bond Series:	2016	2017	2018	2018 Road
Interest Rate:	3.00% to 4.00%	3.00% to 3.75%	3.00% to 4.00%	3.75% to 5.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	September 1, 2021/2035	September 1, 2021/2042	September 1, 2021/2043	September 1, 2021/2043
Bonds Outstanding at Beginning of Current Year	$ 4,430,000	$ 5,410,000	$ 5,920,000	$ 1,160,000
Less Retirements	(190,000)	(150,000)	(145,000)	(30,000)
Bonds Outstanding at End of Current Year	$ 4,240,000	$ 5,260,000	$ 5,775,000	$ 1,130,000
Current Year Interest Paid:	$ 166,800	$ 186,675	$ 225,537	$ 48,400

Bond Descriptions and Original Amount of Issue

(5) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Refunding Bonds, Series 2016 ($4,670,000)

(6) Sunfield Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2017 ($5,550,000)

(7) Sunfield Municipal Utility District No. 1 Unlimited Tax Utility Bonds, Series 2018 ($6,080,000)

(8) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Bonds, Series 2018 ($1,160,000)

Paying Agent/Registrar

(5) (6) Amegy Bank, N. A., Houston, Texas

(7) (8) Zions Bancorporation, N.A., Houston, Texas

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(9)	(10)	Totals
Bond Series:	2019 Ref.	2019	
Interest Rate:	2.00% to 3.00%	2.00% to 4.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	
Maturity Dates:	September 1, 2021/2038	September 1, 2021/2044	
Bonds Outstanding at Beginning of Current Year	$	$	$ 28,025,000
Add Bonds Sold	3,635,000	7,015,000	10,650,000
Less Retirements	(20,000)	(240,000)	(4,705,000)
Bonds Outstanding at End of Current Year	$ 3,615,000	$ 6,775,000	$ 33,970,000
Current Year Interest Paid:	$ 98,038	$ 151,444	$ 1,168,286

Bond Descriptions and Original Amount of Issue

(9) Sunfield Municipal Utility District No. 1 Unlimited Tax Road Refunding Bonds, Series 2019 ($3,635,000)

(10) Sunfield Municipal Utility District No. 1 Unlimited Tax Bonds, Series 2019 ($7,015,000)

Paying Agent/Registrar

(9) (10) Zions Bancorporation, N.A., Houston, Texas

Bond Authority	Road Bonds	W,S,D Bonds	Parks & Rec. Bonds
Amount Authorized by Voters:	$ 21,660,000	$ 48,990,000	$ 5,995,000
Amount Issued:	19,325,000	18,645,000	0
Remaining to be Issued:	2,335,000	30,345,000	5,995,000

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
REVENUES										
Property taxes	$ 345,950	$ 252,488	$ 568,134	$ 567,284	$ 92,577	47.7 %	54.3 %	84.5 %	79.1 %	30.1 %
Penalties and interest	1,382	3,206	899	431	74	0.2	0.7	0.1	0.1	0.0
Tap connection and inspection fees	1,800	48,600	4,500	18,450	68,400	0.2	10.5	0.7	2.6	22.3
Master District surplus billings	350,864	130,032	85,516	127,765	145,141	48.4	28.0	12.7	17.8	47.2
Interest on deposits and investments	25,313	30,257	13,530	3,144	1,187	3.5	6.5	2.0	0.4	0.4
TOTAL REVENUES	725,309	464,583	672,579	717,074	307,379	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Service operations:										
Professional fees	78,055	107,145	65,066	84,256	86,635	10.8	23.1	9.6	11.7	28.2
Contracted services	51,475	53,732	45,653	40,102	39,143	7.1	11.6	6.8	5.6	12.7
Utilities	19,622	19,567	17,987	23,089	16,247	2.7	4.2	2.7	3.2	5.3
Repairs, maintenance and other operating expenditures	41,571	42,400	35,250	155,685	91,286	5.7	9.1	5.2	21.8	29.7
Administrative expenditures	19,662	16,877	15,896	21,827	23,671	2.7	3.6	2.4	3.0	7.7
Capital outlay	154,285	0	0	0	0	21.3	0.0	0.0	0.0	0.0
TOTAL EXPENDITURES	364,670	239,721	179,852	324,959	256,982	50.3	51.6	26.7	45.3	83.6
EXCESS REVENUES (EXPENDITURES)	$ 360,639	$ 224,862	$ 492,727	$ 392,115	$ 50,397	49.7 %	48.4 %	73.3 %	54.7 %	16.4 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					

See accompanying independent auditor's report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016
REVENUES										
Property taxes	$ 2,350,504	$ 2,011,852	$ 1,579,050	$ 1,028,926	$ 1,189,172	98.4 %	97.2 %	98.4 %	98.8 %	98.7 %
Penalty and interest	5,102	3,885	2,312	1,032	926	0.2	0.2	0.1	0.1	0.1
Accrued interest on bonds received at date of sale	12,706	3,115	0	4,242	11,057	0.5	0.2	0.0	0.4	0.9
Interest on deposits and investments	21,468	49,801	23,563	7,434	4,131	0.9	2.4	1.5	0.7	0.3
TOTAL REVENUES	2,389,780	2,068,653	1,604,925	1,041,634	1,205,286	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Debt service:										
Principal retirement	1,130,000	825,000	510,000	495,000	575,000	47.3	39.9	31.8	47.5	47.7
Refunding contribution	2,000	0	0	0	29,262	0.1	0.0	0.0	0.0	18.7
Interest and fees	1,172,131	1,011,888	815,788	751,241	564,009	49.0	48.9	50.8	72.1	46.8
TOTAL EXPENDITURES	2,304,131	1,836,888	1,325,788	1,246,241	1,168,271	96.4	88.8	82.6	119.6	113.2
EXCESS REVENUES (EXPENDITURES)	$ 85,649	$ 231,765	$ 279,137	$ (204,607)	$ 37,015	3.6 %	11.2 %	17.4 %	(19.6) %	(13.2) %

See accompanying independent auditor’s report.

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

SEPTEMBER 30, 2020

Complete District Mailing Address:	Sunfield Municipal Utility District No. 1 c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524
District Business Telephone No.:	972-788-1600

Submission date of the most recent District Registration Form: December 2, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Kindra Poage. c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Appointed 6/05/19- 5/07/22	$ 1,200	$ 0	President
Tara Hays c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Elected 5/05/18- 5/07/22	1,050	0	Vice President
Cynthia Schultz c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Elected 5/02/20- 5/04/24	750	0	Secretary
Sarah Vlcek c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Elected 5/02/20- 5/04/24	1,200	0	Assistant Secretary
Leisha Ehlert c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	Elected 5/05/18- 5/07/22	1,200	0	Assistant Secretary

SUNFIELD MUNICIPAL UTILITY DISTRICT NO. 1

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

SEPTEMBER 30, 2020

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 77524	10/29/08	$ 45,066 239,431 Bonds	Attorney
McCreary, Veselka, Bragg & Allen, P.C. 700 Jeffrey Way, Suite 100 Round Rock, Texas 78665	08/08	653	Delinquent Tax Attorney
Municipal Accounts and Consulting, L.P. 6500 River Place Blvd, Bldg 4, Suite150 Austin, Texas 78730	08/08	35,330 6,000 Bonds	Bookkeeper
Autumn Phillips 6500 River Place Blvd, Bldg 4, Suite150 Austin, Texas 78730	08/08	0	Investment Officer
Murfee Engineering Company 1101 S. Capital of Texas Highway Building D, Suite 110 Austin, Texas 78746	11/01/05	24,467 59,997 Bonds	Engineer
Hays County Tax Assessor-Collector 102 LBJ Drive San Marcos, Texas 78666	08/08	0	Tax Assessor-Collector
Travis County Tax Assessor-Collector 5501 Airport Blvd. Austin, Texas 78751	08/07	9	Tax Assessor-Collector
Hays Central Appraisal District 21001 Interstate 35 Kyle, Texas 78640	Legislative Action	18,318	Central Appraisal District
Travis Central Appraisal District 8314 Cross Park Drive Austin, Texas 78754	Legislative Action	7	Central Appraisal District
R. W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	2/05/15	182,206 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	8/16/13	10,950 950 Other 6,700 Bonds	Independent Auditor

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100