

OFFICIAL STATEMENT DATED DECEMBER 9, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT AND UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS – TAX EXEMPTION" HEREIN, WHICH INCLUDES A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE DISTRICT HAS **NOT** DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry-Only

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

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

\$6,900,000
UNLIMITED TAX ROAD BONDS
SERIES 2022

The bonds described above (the "Bonds") are obligations solely of Comal County Water Improvement District No. 1A (the "District") and are not obligations of the State of Texas, Comal County, the City of New Braunfels or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "RISK FACTORS."

Dated: January 1, 2022

Due: September 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be January 6, 2022) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing September 1, 2022, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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



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

MATURITY SCHEDULE

Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(a)	Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(a)
\$ 280,000	2023	19981F CC1	3.500 %	0.55 %	\$ 275,000	2032 (c)	19981F CM9	2.000 %	2.00 %
280,000	2024	19981F CD9	4.000	0.70	275,000	2033 (c)	19981F CN7	2.000	2.15
280,000	2025	19981F CE7	4.000	0.85	275,000	2034 (c)	19981F CP2	2.000	2.30
280,000	2026	19981F CF4	4.000	1.10	275,000	2035 (c)	19981F CQ0	2.125	2.40
280,000	2027	19981F CG2	4.000	1.25	275,000	2036 (c)	19981F CR8	2.250	2.45
275,000	2028 (c)	19981F CH0	2.000	1.35	***	***	***	***	***
275,000	2029 (c)	19981F CJ6	2.000	1.55	275,000	2039 (c)	19981F CU1	2.500	2.60
275,000	2030 (c)	19981F CK3	2.000	1.70	275,000	2040 (c)	19981F CV9	2.500	2.65
275,000	2031 (c)	19981F CL1	2.000	1.85					

\$550,000 Term Bonds due September 1, 2038 (c), 19981F CT4 (b), 2.375% Interest Rate, 2.55% Yield (a)
 \$550,000 Term Bonds due September 1, 2042 (c), 19981F CX5 (b), 2.500% Interest Rate, 2.70% Yield (a)
 \$1,375,000 Term Bonds due September 1, 2047 (c), 19981F DC0 (b), 2.625% Interest Rate, 2.75% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on or after September 1, 2028, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time, in part, on September 1, 2027, or on any date thereafter, at a price equal to par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Dallas, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about January 6, 2022.

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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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C., 14755 Preston Road, Suite 600, Dallas, Texas, 75254 upon payment of the costs of duplication therefor.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 98.0103% of the par value thereof which resulted in a net effective interest rate of 2.632161% as calculated pursuant to Chapter 1204, Texas Government Code (the IBA method).

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

General...

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this OFFICIAL STATEMENT.

With the easing or removal of COVID-19 governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies or interruptions to any service as a result of COVID 19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and reinstatement of restrictions.

THE DISTRICT

Description...

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

Location...

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

Veramendi...

The District is a part of the approximate 2,462 acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: The District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District 1C (“WID 1C”), Comal County Water Improvement District 1D (“WID 1D”), Comal County Water Improvement District 1E (“WID 1E”), and Comal County Water Improvement District 1F (“WID 1F”). The District, WID 1B, WID 1C, WID 1D, WID 1E, WID 1F, and the Master District are collectively referred to as, the “Veramendi Districts”. Each of the Veramendi Districts has authority to provide water, wastewater, drainage and road facilities as provided by general law and Article XVI, Section 59, Texas Constitution, and Article III, Section 52, Texas Constitution. To date, all residential development that has occurred within Veramendi has occurred within the District. See “THE DISTRICT—Status of Development.”

*The Developer,
Principal Landowner
and Builders...*

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,462 acres within the Veramendi project boundaries. The Landowner currently owns approximately 1,450 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide, Veramendi PE-Brisbane, Veramendi PE-Cairns, Veramendi PE-Darwin, and Veramendi PE-Fremantle. To date, VDCo or VDCo Affiliates have purchased approximately 920 acres in the Veramendi project boundaries from the Landowner, 488 of which were located within the District. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC.

The Developer has sold tracts of undeveloped land in the District totaling approximately 133 acres to David Weekley Homes, Gehan Homes, Pulte Homes, Scott Felder Homes and Vista Alta, each of which is responsible for developing lots on its acreage, including financing the cost of such lot construction. The Developer has constructed utilities to serve 92 lots on approximately 30 acres, which have been sold to Perry Homes. David Weekley Homes, Gehan Homes, Pulte Homes, Scott Felder Homes, Vista Alta and Perry Homes are collectively referred to herein as the “Builders.” The Developer has retained the right to receive proceeds from the sale of bonds issued to finance the development of lot construction described above. The Developer continues to own approximately 124 acres within the District which are currently under construction for an additional 434 lots under contract to the Builders. The Developer continues to own approximately 152 developable but undeveloped acres and approximately 10 undevelopable acres within the District. An additional 39 acres of land were sold to a church, New Braunfels Independent School District, and others.

See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS.”

Status of Development...

The land within the District is being developed primarily as a single-family residential community of Veramendi, currently consisting of 572 single-family residential lots on approximately 163 acres. As of November 1, 2021, the District consisted of 262 completed and occupied homes, 96 homes under construction or in a builder’s name, and 214 vacant developed lots available for home construction of which 173 lots are under contract to a homebuyer. According to the Developer and Builders, homes within the District range in sales price from approximately \$330,000 to over \$750,000. In addition, utility construction is underway for an additional 434 single-family residential lots on approximately 124 acres, trunk utilities have been constructed for approximately 95 acres of commercial tracts, a church has been constructed on approximately 12 acres and Veramendi Elementary School has been constructed by the New Braunfels Independent School District on approximately 16 acres within the District.

Approximately 68 developable acres have not been provided with utilities or roads (excluding approximately 124 acres where utility construction is underway and approximately 10 acres are not developable (easement, right-of-way and utility sites). See “THE DISTRICT—Land Use” and “—Status of Development.”

Payment Record... The District has previously issued \$3,150,000 principal amount of unlimited tax road bonds in one series and \$6,000,000 principal amount of unlimited tax bonds in one series, of which \$9,080,000 principal amount of such bonds collectively remains outstanding (the “Outstanding Bonds”). The District capitalized twenty-four (24) months of interest from each of the Series 2020 Road Bonds proceeds in April 2020 and the Series 2021 Bonds proceeds in October 2021. Twelve (12) months of interest will be capitalized from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED).”

THE BONDS

Description... Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2022, in the aggregate principal amount of \$6,900,000 maturing serially on September 1 in each of the years 2023 through 2036, both inclusive, 2039 and 2040, and as term bonds maturing on September 1 in each of the years 2038, 2042 and 2047 (the “Term Bonds”). Interest accrues from the Date of Delivery, at the rates per annum set forth on the cover page hereof, and is payable on September 1, 2022, and each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued as fully registered bonds, pursuant to an order authorizing the issuance of the Bonds (the “Bond Order”), adopted by the Board of Directors of the District (the “Board”), in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. See “THE BONDS—General.”

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

Redemption... Bonds maturing on or after September 1, 2028, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2027, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”

Use of Proceeds... Proceeds of the Bonds will be used to pay construction costs outlined herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” to capitalize twelve (12) months of interest, to pay interest on funds that have been advanced by the Developer on behalf of the District; and to pay legal fees, financial advisory fees, administrative costs and certain other costs and engineering fees related to the issuance of the Bonds.

Authority for Issuance... The Bonds are the second series of bonds issued out of an aggregate of \$61,500,000 principal amount of unlimited tax road bonds authorized by the District’s voters on November 7, 2017, for the purpose of financing road improvements and facilities to the land within its boundaries. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article III, Section 52 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “RISK FACTORS—Future Debt” and “THE BONDS—Authority for Issuance” and “Issuance of Additional Debt.”

Source of Payment... Principal of and interest on the Bonds, the Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE BONDS—Source of and Security for Payment.”

<i>Municipal Bond Rating...</i>	It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), will assign its municipal bond rating of “AA” (stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM” or the “Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Not Qualified Tax-Exempt Obligations...</i>	The District has not designated the Bonds as “qualified tax-exempt obligations” for financial institutions.
<i>Bond Counsel...</i>	Coats Rose, P.C., Bond Counsel, Dallas, Texas. See “MANAGEMENT OF THE DISTRICT” and “LEGAL MATTERS.”
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” AND “PREPARATION OF THE OFFICIAL STATEMENT.”
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2021 Certified Taxable Assessed Valuation	\$88,189,684	(a)
Estimated Taxable Assessed Valuation as of September 21, 2021	\$132,042,907	(b)
Gross Direct Debt Outstanding	\$15,980,000	(c)
Estimated Overlapping Debt	<u>1,620,821</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt	\$17,600,821	
Ratios of Gross Direct Debt to:		
2021 Certified Taxable Assessed Valuation	18.12%	
Estimated Taxable Assessed Valuation as of September 21, 2021	12.10%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2021 Certified Taxable Assessed Valuation	19.96%	
Estimated Taxable Assessed Valuation as of September 21, 2021	13.33%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of October 28, 2021	\$333,000	(e)
Road Debt Service Fund as of October 27, 2021	191,967	(e)
One Year of Capitalized Interest from Bond Proceeds	<u>181,788</u>	(f)
Total Funds Available for Debt Service	\$706,755	
Funds Available in the General Operating Fund as of October 27, 2021	\$63,725	
Funds Available in the Capital Projects Fund as of October 27, 2021	\$20,455	
2021 Debt Service Tax Rate	\$0.450	
2021 Maintenance Tax Rate	<u>0.344</u>	
2021 Total Tax Rate	\$0.794	
Average Annual Debt Service Requirement (2022-2047)	\$847,558	
Maximum Annual Debt Service Requirement (2023)	\$1,045,700	
Tax Rate Required to Pay Average Annual Debt Service (2022-2047) at a 95% Collection Rate		
Based upon 2021 Certified Taxable Assessed Valuation	\$1.02	(g)
Based upon Estimated Taxable Assessed Valuation as of September 21, 2021	\$0.68	(g)
Tax Rate Required to Pay Maximum Annual Debt Service (2023) at a 95% Collection Rate		
Based upon 2021 Certified Taxable Assessed Valuation	\$1.25	(g)
Based upon Estimated Taxable Assessed Valuation as of September 21, 2021	\$0.84	(g)
Status of Development as of November 1, 2021 (h):		
Total Developed Lots	572	
Total Completed Homes (262 Occupied)	262	
Homes Under Construction or in a Builder's Name	96	
Vacant Developed Lots Available for Home Construction	214	
Lots Under Construction	434	
Estimated Population	917	(i)

- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2021, and September 21, 2021. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2022, and provided to the District in the summer of 2022. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the Series 2021 Bonds and are not available to pay debt service on the District's bonds issued for roads (including the Bonds). The Road Debt Service Fund balance above includes \$169,041 of capitalized interest from the Series 2020 Road Bonds and the full balance in the Water, Sewer and Drainage Debt Service Fund is capitalized interest from Series 2021 Bonds. Neither Texas law nor any bond order requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize one (1) year of interest of the Bonds from Bond proceeds and deposit such funds in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on the bonds issued for water sewer and drainage facilities.
- (g) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."
- (h) See "THE DISTRICT—Land Use—Status of Development."
- (i) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

\$6,900,000

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

UNLIMITED TAX ROAD BONDS SERIES 2022

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Comal County Water Improvement District No. 1A (the “District”) of its \$6,900,000 Unlimited Tax Road Bonds, Series 2022 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and conditions of an order (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), Article III, Section 52 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, an election held within the District on November 7, 2017, and general laws of the State of Texas (“Texas”) relating to the issuance of bonds by political subdivisions of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and certain other information about Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”) and Veramendi Development Company, LLC, a Texas limited liability company and its affiliates (collectively, the “Developer”), David Weekley Homes, Gehan Homes, Perry Homes, Pulte Homes and Scott Felder Homes (collectively, the “Builders”) and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Coats Rose, P.C. (“Bond Counsel”), 14755 Preston Road, Suite 600, Dallas, Texas 75254 upon payment of the costs of duplication therefore.

RISK FACTORS

Infectious Disease Outbreak – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this OFFICIAL STATEMENT.

With the easing or removal of COVID-19 governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies or interruptions to any service as a result of COVID 19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and reinstatement of restrictions.

General

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

Economic Factors and Interest Rates

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

Credit Markets and Liquidity in the Financial Markets

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

Competition

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

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

Possible Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2021 Certified Taxable Assessed Valuation is \$88,189,684. After issuance of the Bonds, the maximum debt service requirement will be \$1,045,700 (2023), and the average annual debt service requirement will be \$847,558 (2022-2047 inclusive). Assuming no increase or decrease from the 2021 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$1.25 and \$1.02 per \$100 of appraised valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of September 21, 2021 is \$132,042,907, which reduces the above calculations to \$0.84 and 0.68 per \$100 of taxable assessed valuation, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District as of September 21, 2021 will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment.

Undeveloped Acreage and Vacant Lots

There are approximately 68 developable acres of land within the District that have not been fully provided with water, wastewater, drainage, road and other facilities necessary for the construction of taxable improvements (excluding 124 acres where utility construction is underway for approximately 434 single-family lots) and 214 lots that remain vacant. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. See “THE DISTRICT—Land Use—Status of Development.”

Developer/Builders Under No Obligation to the District

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

Dependence on Principal Taxpayers

The principal taxpayers represent \$29,511,251 or approximately 33.46% of the 2021 Certified Taxable Assessed Valuation and represents ownership as of January 1, 2021. The Developer represents \$3,174,110 of taxable assessed value as of January 1, 2021, however, an additional \$18,683,524 of value associated with the Developer is in agricultural use and deferred from taxation. If the Developer or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the balance in the District’s Debt Service Fund, the ability of the District to make timely payment of debt service on the Bonds would be dependent on the ability of the District to enforce and liquidate its tax lien, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in the District being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its Debt Service Fund. See “TAXING PROCEDURES—Levy and Collection of Taxes.”

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property.

Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of 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. Texas law requires water improvement districts such as the District, to obtain the approval of the Texas Commission on Environmental Quality (the "TCEQ") as a condition to seeking relief under the Federal Bankruptcy Code.

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. After the issuance of the Bonds, the District will continue to owe the Developer and other landowners approximately \$27,500,000 plus interest for advances made for engineering and construction of water, wastewater, drainage and road facilities, which will be financed with future bond issues. A total of \$142,500,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage facilities, \$213,750,600 of unlimited tax bonds for the purpose of refunding water, wastewater and drainage bonds, \$61,500,000 principal amount of unlimited tax bonds for financing road facilities and \$92,250,000 of unlimited tax road bonds for the purpose of refunding road bonds have been authorized by the District's voters. After the issuance of the Bonds, \$51,450,000 principal amount of road bonds will remain authorized but unissued, \$136,500,000 principal amount of the water, wastewater and drainage bonds will remain authorized but unissued, and all of the refunding bonds will remain authorized but unissued.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, but the issuance of road bonds is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act (“CAA”) Amendments of 1990, the four-county San Antonio area (“San Antonio Area”)-Bexar, Comal, Guadalupe, and Wilson Counties-has been designated an attainment/unclassifiable area under two separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); and the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”).

However, the San Antonio Area is currently designated as a “marginal” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2021. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and Environmental Protection Agency’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a utility district’s provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a utility district must comply may have an impact on the utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

In June and July of 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. In light of this order, the EPA and the USACE announced that they have halted implementation of the NWPR and are interpreting “waters of the United States” consistent with the pre-2015 regulatory regime until further notice while continuing to move forward with the rulemakings announced in June of 2021. Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted in the form introduced or in some other form cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisor regarding the foregoing matter.

THE BONDS

General

Following is a description of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance and sale of the Bonds. 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 will be dated January 1, 2022 and will accrue interest from the Date of Delivery with interest payable on each March 1 and September 1 commencing September 1, 2022, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

At a bond election held within the District on November 7, 2017, the voters of the District authorized the issuance of a total of \$61,500,000 principal amount of unlimited tax road bonds for the purpose of financing road improvements and facilities to the land within its boundaries. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order, Article III, Section 52 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended and the general laws of the State of Texas relating to the issuance of the bonds by political subdivisions of the State of Texas.

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

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Order to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Comal County, the City of New Braunfels or any entity other than the District.

Record Date

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

Funds

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

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

Twelve (12) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing road improvements and for paying the costs of issuing the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Order 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.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2038, 2042 and 2047 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$550,000 Term Bonds Due September 1, 2038		\$550,000 Term Bonds Due September 1, 2042		\$1,375,000 Term Bonds Due September 1, 2047	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2037	\$ 275,000	2041	\$ 275,000	2043	\$ 275,000
2038 (maturity)	275,000	2042 (maturity)	275,000	2044	275,000
				2045	275,000
				2046	275,000
				2047 (maturity)	275,000

Notice of the mandatory redemption of Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY SYSTEM.”

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2027, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office in Dallas, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order. While the Bonds are in the Book-Entry-Only system, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the Beneficial Owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have \$51,450,000 principal amount of unlimited tax road bonds for the purposes of financing road improvements and facilities authorized but unissued and \$136,500,000 principal amount of unlimited tax bonds for the purposes of financing water, wastewater and drainage facilities authorized but unissued. The District will also have authorized but unissued refunding bonds in an amount not in excess of \$213,750,600 of bonds or other evidences of indebtedness previously issued by the District for water, wastewater, and drainage facilities and refunding bonds in an amount not in excess of \$92,250,000 of bonds or other evidences of indebtedness previously issued by the District for road improvements and facilities. The Bond 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. See “RISK FACTORS—Future Debt.”

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

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 systems 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 is not contemplating consolidation.

Annexation by the City of New Braunfels

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels. Generally, the District may be annexed by the City of New Braunfels without the District's consent, and the City of New Braunfels cannot annex territory within the District unless it annexes the entire District; however, the City of New Braunfels may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of New Braunfels and the District specifying the procedures for full purpose annexation of all or a portion of the District.

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

Remedies in Event of Default

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by LJA Engineers, Inc., the District’s engineer (the “Engineer”). Nonconstruction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (the “Financial Advisor”). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

I. CONSTRUCTION COSTS

· Veramendi, 1A-1 Streets.....	\$	1,385,998
· Veramendi, 13-1 Streets.....		692,980
· Veramendi, 13-2 Streets.....		736,476
· Veramendi, 13-3 Streets.....		904,797
· Veramendi, 13-4 Streets.....		706,538
· Veramendi, 15A-1 Streets.....		568,734
· Word Parkway Phase 1.....		389,717
· Construction Materials Testing.....		2,213
· Engineering.....		242,204
· Plan Review Fees.....		18,536
Total Construction Costs.....	\$	5,648,192

II. NON-CONSTRUCTION COSTS

· Underwriter’s Discount (a).....	\$	137,290
· Capitalized Interest (12 Months) (a).....		181,788
· Developer Interest.....		522,019
Total Non-Construction Costs.....	\$	841,096

III. ISSUANCE COSTS AND FEES

· Issuance Costs and Professional Fees.....	\$	330,989
· Engineering Costs.....		40,000
· State Regulatory Fees (Attorney General).....		6,900
· Contingency (a).....		32,823
Total Issuance Costs and Fees.....	\$	410,712
TOTAL BOND ISSUE.....	\$	6,900,000

(a) Contingency represents the difference in the estimated and actual amount of Underwriter’s Discount and capitalized interest.

VERAMENDI

The District is a part of an approximate 2,462 acre master planned community of Veramendi. Veramendi encompasses seven (7) utility districts: the District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District 1C (“WID 1C”), Comal County Water Improvement District 1D (“WID 1D”), Comal County Water Improvement District 1E (“WID 1E”), and Comal County Water Improvement District 1F (“WID 1F”). The District, the Master District, WID 1B, WID 1C, WID 1D, WID 1E, and WID 1F are collectively referred to as the “Veramendi Districts”. Each of the Veramendi Districts has authority to provide water, wastewater, drainage and road facilities as provided by general law and Section 59, Article XVI, Texas Constitution, and Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of roads. To date, all residential development that has occurred within Veramendi is within the District.

THE DISTRICT

General

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

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

Description and Location

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

Land Use

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

<u>Single-Family Residential</u>	Approximate	
	<u>Acres</u>	<u>Lots</u>
Veramendi, Section 13, Unit 1	14	43
Veramendi, Section, 13, Unit 2	13	64
Veramendi, Section 13, Unit 3	22	71
Veramendi, Section 13, Unit 4	16	49
Veramendi, Section, 13, Unit 5	21	74
Veramendi, Section 13, Unit 6	14	43
Veramendi, Section 13, Unit 7	10	49
Veramendi, Section 15A, Unit 1	14	68
Veramendi, Section 15A, Unit 2	9	50
Veramendi, Section 15A, Unit 3 (a)	15	63
Veramendi, Section 15A, Unit 4 (a)	12	49
Veramendi, Section 15B, Unit 1	16	30
Veramendi, Section 15B, Unit 2	14	31
Veramendi, Section 14, Unit 1 (a)	43	94
Veramendi, Section 14, Unit 2 (a)	20	95
Veramendi, Section 14, Unit 3 (a)	19	94
Veramendi, Section 14, Unit 4 (a)	<u>15</u>	<u>39</u>
Subtotal.....	287	1,006
<i>Commercial Tracts</i>	95	
<i>School Site</i>	16	
<i>Church</i>	12	
<i>Future Development</i>	68	
<i>Undevelopable (b)</i>	<u>10</u>	<u>==</u>
District Total.....	488	1,006

(a) Currently under construction.

(b) Consists of street easements, drainage detention, parks and recreation space and utility sites.

Status of Development

Single Family Residential: The development in the District currently includes 572 single-family residential lots on approximately 163 acres. As of November 1, 2021, the District consisted of 262 completed and occupied homes, 96 homes under construction or in a builder’s name, and 214 vacant developed lots available for home construction, 173 of which are under contract to a homebuyer. According to the Developer and Builders, new homes within the District range in price from approximately \$330,000 to over \$750,000. The estimated population within the District is 917 based upon 3.5 persons per occupied single-family residence. See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS—The Builders.”

See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS—The Builders.”

Commercial/Tax Exempt Development: Approximately 95 acres of commercial tracts have been provided with utilities for commercial development, a church has been constructed on approximately 12 acres, which is exempt from ad valorem taxation, and New Braunfels Independent School District has constructed an elementary school on an additional approximately 16 acres, which is exempt from ad valorem taxation.

Future Development

Approximately 68 developable acres of land in the District are not yet fully served with water, wastewater, and drainage facilities, park and recreational facilities, and roads necessary for the construction of taxable improvements (excluding approximately 124 acres where utility construction is underway for 434 single-family residential lots). While the District anticipates future development of this acreage, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund water, wastewater, drainage and road facilities within the District necessary to serve the land at full development and fully reimburse the Developer. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$198,260,000) should be sufficient to finance the construction of water, wastewater, and drainage facilities and roads for the District. See “RISK FACTORS—Future Debt,” “ROAD SYSTEM” and “WATER, WASTEWATER AND DRAINAGE.”

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held on the first Saturday of May of odd numbered years. All of the Board members own land within the District subject to a note and deed of trust in favor of the Developer. The current members and officers of the Board along with their titles and terms are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Donnie Shaw	President	May 2024
Elizabeth Preston	Vice President	May 2022
George Nevitt	Secretary	May 2024
Robert E. Whitley	Assistant Secretary	May 2022
Bruce Edwin Bartlett	Assistant Secretary	May 2024

District Consultants

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

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

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

Auditor: The financial statements of the District as of June 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC (the “Auditor”), independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Engineer: The District’s consulting engineer is LJA Engineering, Inc.

Tax Appraisal and Collections: The Comal Appraisal District has the responsibility of appraising all property within the District. Taxes are collected by the Comal County Tax Collector. See “TAXING PROCEDURES.”

Bookkeeper: The District has contracted with L&S District Services, LLC (the “Bookkeeper”) for bookkeeping services.

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

THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS

Role of a Developer

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

Description of the Developer and Principal Property Owners

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the "Landowner"), initially owned all of the approximately 2,462 acres within the Veramendi project boundaries. The Landowner currently owns approximately 1,450 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, (the "VDCo") has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide, Veramendi PE-Brisbane, Veramendi PE-Cairns, Veramendi PE-Darwin, and Veramendi PE-Fremantle. To date, VDCo or VDCo Affiliates have purchased approximately 920 acres in the Veramendi project boundaries from the Landowner, 488 of which were located within the District. VDCo and each of the VDCo Affiliates (collectively the "Developer") is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC.

The Developer has sold approximately 133 acres of undeveloped land to David Weekley Homes, Gehan Homes, Pulte Homes and Scott Felder Homes, each of which is responsible for developing lots on its acreage, including financing the cost of such lot construction. The Developer has constructed utilities to serve 92 lots on approximately 30 acres, which have been sold to Perry Homes. David Weekley Homes, Gehan Homes, Pulte Homes, Scott Felder Homes and Perry Homes are collectively referred to herein as the "Builders." The Developer has retained the right to receive proceeds from the sale of bonds issued to finance the development of lot construction described above. The Developer continues to own approximately 124 acres within the District which are currently under construction for an additional 434 lots under contract to the Builders. The Developer continues to own approximately 152 developable but undeveloped acres and approximately 10 undevelopable acres within the District. An additional 39 acres of land were sold to a church, New Braunfels Independent School District, and others.

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

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

As of January 1, 2021, the Developer represented approximately \$3,174,110 of taxable assessed value, however, an additional \$18,683,524 of value associated with the Developer is in agricultural use and deferred from taxation. Since January 1, 2021, the Developer has sold approximately 13 acres of land to the Builders, which reduces the amount of taxable or market value associated with the Developers; however, no accurate detail on current taxable or market value is available from the Appraisal District. Such information will not be available until the Appraisal District certifies 2022 values and provides such certification to the District in the summer of 2022. See "TAX DATA—Principal Taxpayers."

The Builders

Gehan Homes: Gehan Homes purchased approximately 23 acres from the Developer in the District and has completed 118 single-family residential lots on such acres. Gehan Homes is selling homes in the District at an average sales price of \$310,000.

Perry Homes: Perry Homes purchased 92 single-family residential lots on approximately 30 acres from the Developer. Perry Homes is selling homes in the District at an average sales price of \$460,000.

Pulte Homes: Pulte Homes purchased approximately 37 acres from the Developer in the District and has completed 148 single-family residential lots on such acres. Pulte Homes is selling homes in the District at an average sales price of \$367,000.

David Weekley Homes and Scott Felder Homes: David Weekley Homes and Scott Felder Homes jointly purchased approximately 43 acres from the Developer in the District and have completed 145 single-family residential lots on such acres. David Weekley Homes is selling homes in the District at an average sales price of \$430,000 and Scott Felder Homes is selling homes in the District at an average sales price of \$480,000.

Vista Alta: Vista Alta purchased 30 acres from the Developer in the District and has completed 61 single-family residential lots on such acres. Vista Alta is marketing homes in the District at an average sales price of \$750,000.

Obligations of the Developer and Builders

Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders have any legal commitment to the District or the holders of the Bonds to continue development of land within the District. See “RISK FACTORS—Dependence on Major Taxpayers and the Developer.”

Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property.

WATER, WASTEWATER AND DRAINAGE

The Master District

As of November 20, 2017, the District entered in a regional contract (the “Contract”) with the Master District. Under the terms of the Contract, the Master District provides or causes to be provided the regional water supply and delivery facilities, the regional waste collection, treatment and disposal facilities, and the regional drainage and detention facilities (the “Master District Facilities”) to serve the Veramendi Districts. Under the terms of the Contract, the Master District charges the participants (the “Participants”) a monthly operational fee based on connections. On the basis of estimates from its consultants, past operating experience, and related data, the Master District shall establish, prior to the commencement of services to the District, a budget for the operation of all the Master District Facilities for each fiscal year. Such budgets shall include all operation and maintenance expenses and reserve requirements, if any, and debt service Requirements, if any, reasonably expected to be incurred for the period of time covered by the budget. Such budgets may include capital costs reasonably expected to be incurred to meet regulatory requirements and may include other capital costs upon written consent of all Participants. Prior to commencement of services to the Participants and annually thereafter not later than ninety (90) days prior to the beginning of each budget period, the District will furnish to the Master District the District’s best estimate of (1) the total quantity of waste that the District expects to discharge into the Master District’s sanitary sewage system during each month of the period covered by such budget; (2) the total quantity of potable water that the District expects to use during each month of the period covered by such budget; and (3) a monthly estimate of residential connections and commercial connections (expressed in terms of equivalent single-family residential connections) to be located within the District during the period covered by such budget.

Utility Agreement Between the District and the City of New Braunfels

Customers of the District receive water and wastewater service from New Braunfels Utilities, a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, (“NBU”) as standard NBU customers pursuant to a Utility Agreement between the District and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services.

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

Water Supply and Wastewater Treatment

Wastewater treatment for the District is currently provided by NBU through the Gruene Wastewater Treatment Plant located at Gruene Loop Road at the Guadalupe River which has a capacity of 1,100,000 gallons per day (“gpd”). Water supply for the District is currently provided by NBU which operates 8,000,000 gallon per day (“gpd”) surface water treatment plant located along Gruene Road south of Loop of 337.

Based on the Utility Agreement, NBU currently has sufficient capacity to supply water to up to 1,200 equivalent single-family connections.

Based on the Utility Agreement, NBU currently has sufficient capacity to provide wastewater treatment to up to 1,200 equivalent single-family connections provided the Developer constructs those sewer facilities necessary to provide sewer service within the District and funds, when due and payable, its pro rata share of the 30" Sewer Main between Blieders Creek lift station and the new NBU wastewater treatment facility. NBU has yet to provide the invoice to the Developer for its pro rata share of the total estimated cost, which is due and payable within 30 days of submission.

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

Water Distribution, Wastewater, Collection and Storm Drainage

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 572 single family residential lots, approximately 95 acres of commercial tracts, an approximate 16 acre school site and approximately 12 acres for a church. In addition, approximately 434 single-family residential lots are under construction. See "THE DISTRICT—Land Use."

Flood Protection

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

According to the Engineer, none of the developed land within the District is within the 100-year flood plain.

Regulation

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

ROAD SYSTEM

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

General Fund Summary

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

The following statement sets forth in condensed form the historical results of operation of the District's General Fund as derived from the District's audited financial statements for the period of inception to June 30, 2019, and for the years ended June 30, 2020 and June 30, 2021. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended		
	6/30/2021	6/30/2020	6/30/2019
Revenues:			
Property Taxes	\$ 112,867	\$ 73,668	\$ 1,594
Penalty and Interest	3,150	559	-
Total Revenue	\$ 116,017	\$ 74,227	\$ 1,594
Expenditures:			
Professional Fees	\$ 52,658	\$ 77,917	\$ 45,206
Contracted Services	11,151	5,120	1,839
Administrative	12,427	10,582	
Other	-	-	4,478
Total Expenditures	\$ 76,236	\$ 93,619	\$ 51,523
NET REVENUES	\$ 39,781	\$ (19,392)	\$ (49,929)
Other Sources of Revenue(a)	\$ 33,005	\$ 94,279	\$ 42,636
General Operating Fund			
Balance (Beginning of Year)	\$ 67,506	\$ (7,381)	\$ (88)
General Operating Fund			
Balance (End of Year)	\$ 140,292	\$ 67,506	\$ (7,381)

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

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2021 Certified Taxable Assessed Valuation	\$88,189,684	(a)
Estimated Taxable Assessed Valuation as of September 21, 2021	\$132,042,907	(b)
 Gross Direct Debt Outstanding	 \$15,980,000	 (c)
Estimated Overlapping Debt	<u>1,620,821</u>	<u>(d)</u>
Gross Direct Debt and Estimated Overlapping Debt	\$17,600,821	
 Ratios of Gross Direct Debt to:		
2021 Certified Taxable Assessed Valuation	18.12%	
Estimated Taxable Assessed Valuation as of September 21, 2021	12.10%	
 Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2021 Certified Taxable Assessed Valuation	19.96%	
Estimated Taxable Assessed Valuation as of September 21, 2021	13.33%	
 Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of October 28, 2021	\$333,000	(e)
Road Debt Service Fund as of October 27, 2021	191,967	(e)
One Year of Capitalized Interest from Bond Proceeds	<u>181,788</u>	<u>(f)</u>
Total Funds Available for Debt Service	\$706,755	
 Funds Available in the General Operating Fund as of October 27, 2021	 \$63,725	
Funds Available in the Capital Projects Fund as of October 27, 2021	\$20,455	

- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2021, and September 21, 2021. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2022, and provided to the District in the summer of 2022. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the Series 2021 Bonds and are not available to pay debt service on the District's bonds issued for roads (including the Bonds). The Road Debt Service Fund balance above includes \$169,041 of capitalized interest from the Series 2020 Road Bonds and the full balance in the Water, Sewer and Drainage Debt Service Fund is capitalized interest from the Series 2021 Bonds. Neither Texas law nor any bond order requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize one (1) year of interest of the Bonds from Bond proceeds and deposit such funds in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on the bonds issued for water, sewer and drainage facilities.

Investments of the District

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

Outstanding Bonds

Series	Original Principal Amount	Outstanding Bonds as of December 1, 2021
2020 (a)	\$ 3,150,000	\$ 3,080,000
2021	<u>6,000,000</u>	<u>6,000,000</u>
Total	\$ 9,150,000	\$ 9,080,000

(a) Unlimited Tax Road Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. The schedule below does not take into account that fact the District capitalized twenty-four (24) months of interest from each of the Series 2020 Road Bonds proceeds in April 2020 and the Series 2021 Bonds proceeds in October 2021. The District will capitalize twelve (12) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2022	\$ 319,800.00		\$ 118,667	\$ 118,666.84	\$ 438,466.84
2023	583,912.50	\$ 280,000	181,788	461,787.50	1,045,700.00
2024	577,062.50	280,000	171,988	451,987.50	1,029,050.00
2025	570,062.50	280,000	160,788	440,787.50	1,010,850.00
2026	562,912.50	280,000	149,588	429,587.50	992,500.00
2027	548,212.50	280,000	138,388	418,387.50	966,600.00
2028	538,512.50	275,000	127,188	402,187.50	940,700.00
2029	535,862.50	275,000	121,688	396,687.50	932,550.00
2030	533,062.50	275,000	116,188	391,187.50	924,250.00
2031	530,112.50	275,000	110,688	385,687.50	915,800.00
2032	526,737.50	275,000	105,188	380,187.50	906,925.00
2033	523,200.00	275,000	99,688	374,687.50	897,887.50
2034	519,200.00	275,000	94,188	369,187.50	888,387.50
2035	514,737.50	275,000	88,688	363,687.50	878,425.00
2036	510,112.50	275,000	82,844	357,843.75	867,956.25
2037	509,687.50	275,000	76,656	351,656.25	861,343.75
2038	503,912.50	275,000	70,125	345,125.00	849,037.50
2039	497,662.50	275,000	63,594	338,593.75	836,256.25
2040	496,237.50	275,000	56,719	331,718.75	827,956.25
2041	489,162.50	275,000	49,844	324,843.75	814,006.25
2042	486,487.50	275,000	42,969	317,968.75	804,456.25
2043	478,437.50	275,000	36,094	311,093.75	789,531.25
2044	475,200.00	275,000	28,875	303,875.00	779,075.00
2045	471,587.50	275,000	21,656	296,656.25	768,243.75
2046	252,600.00	275,000	14,438	289,437.50	542,037.50
2047	246,300.00	275,000	7,219	282,218.75	528,518.75
Total	\$ 12,800,775.00	\$ 6,900,000.00	\$ 2,335,735.59	\$ 9,235,735.59	\$22,036,510.59

Average Annual Debt Service Requirements (2022-2047) \$847,558
 Maximum Annual Debt Service Requirement (2023) \$1,045,700

Estimated Overlapping Debt

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

	Outstanding		Overlapping	
	Bonds	As of	Percent	Amount
Comal County	\$ 129,825,000	11/30/2021	0.181%	\$ 235,141
New Braunfels Independent School District	244,235,226	11/30/2021	0.567%	1,385,679
Total Estimate Overlapping Debt				\$ 1,620,821
The District	15,980,000	(a)		15,980,000
Total Direct and Estimated Overlapping Debt				\$ 17,600,821

Direct and Estimated Overlapping Debt as a Percentage of:

2021 Certified Taxable Assessed Valuation	19.96%
Estimated Taxable Assessed Valuation as of September 21, 2021 of \$132,042,907	13.33%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

Set forth below are the taxes levied for the 2021 tax year by all entities overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable Assessed Valuation
Comal County	\$ 0.353515
New Braunfels Independent School District	1.197800
Emergency Services District #7	0.068315
Total Overlapping Tax Rate	\$ 1.619630
The District (a)	0.794000
Total Overlapping Tax Rate	\$ 2.413630

(a) See “TAX DATA—Debt Service Tax” and “—Maintenance Tax.”

TAX DATA

Debt Service Tax

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

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted November 7, 2017, and voters of the District authorized the Board, among other things, to levy a maintenance tax at a rate not to exceed \$1.20 per \$100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

Tax Rate Distribution

	2021	2020	2019	2018
Debt Service Tax	\$0.450	\$ 0.510	\$ -	\$ -
Maintenance Tax	0.344	0.284	0.794	0.794
Total District Tax Rate	\$0.794	\$ 0.794	\$0.794	\$0.794

Historical Tax Collections

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

The District’s initial tax levy was in 2018. In 2018 and 2019, substantially all of the value in the District was deferred from taxation based on an agricultural use designation on the land owned by the Developer. Initial development of the District occurred in late 2019. Pursuant to the Texas Property Tax Code, as development occurs, agricultural designation is removed and three (3) years of rollback taxes are due by the property owner (see “TAXING PROCEDURES—Valuation of Property for Taxation”). The Appraisal District inadvertently placed the burden of rollback on the developed lots in the District instead of assessing such taxes against the Developer. An independent tax consultant engaged by the District has requested clarification and correction from the Appraisal District; however, no response has yet been received. None of the 2018 and 2019 collection information is included herein because of the misleading nature and possible inaccuracies of the information. The collection data for 2020 is shown below (100%). The District’s first issuance of bonds was in 2020 and the total 2020 tax rate was \$0.794 per \$100 assessed valuation comprised of \$0.51 for debt service and \$0.284 for maintenance and operations (see “Tax Rate Distribution” above). All issues related to the agricultural deferments were resolved in connection with the 2020 tax levy and such issues are not expected to be an issue in future years.

	Certified Taxable			Total Collections	
	Assessed Valuation (a)	Tax Rate	Total Tax Levy	As of October 31, 2021 (b)	
				Amount	Percent
2020	\$ 39,955,871	\$ 0.794	\$ 302,367	\$ 302,367	100.00%
2021	88,189,684	0.794	700,226	(c)	(c)

(a) As certified by the Appraisal District.

(b) Unaudited.

(c) In the process of collection. Taxes for the 2021 tax year are due by January 31, 2022.

Tax Roll Information

The District’s appraised value as of January 1 of each year is used by the District in establishing its tax rate. See “TAXING PROCEDURES—Valuation of Property for Taxation.” The following represents the composition of property comprising the 2018 through 2021 Certified Taxable Assessed Valuations. A breakdown of the Estimated Taxable Assessed Valuation as of September 21, 2021 is not currently available from the Appraisal District. See “Historical Tax Collections” in this section.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Net Assessed Valuation
	Land	Improvements	Personal Property			
2018	\$ 7,430,985	\$ 18,071	\$ -	\$ 7,449,056	\$ (5,559,440)	\$ 1,889,616
2019	18,631,259	54,241	-	18,685,500	(9,619,980)	9,065,520
2020	30,623,190	13,318,708	280,380	44,222,278	(4,266,407)	39,955,871
2021	66,236,937	51,258,366	122,727	117,618,030	(29,428,346) (a)	88,189,684

(a) Includes \$18,683,524 of agricultural deferments, \$10,691,961 of exempt property, and \$52,861 of homestead cap. See “RISK FACTORS—Dependence on Principal Taxpayers” and “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS.”

Principal Taxpayers

The following table represents the ten principal taxpayers and their taxable appraised value as a percentage of the of the 2021 Certified Taxable Assessed Valuation of \$88,189,684. This represents ownership as of January 1, 2021. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of September 21, 2021, of \$132,042,907 is not available.

Taxpayer	2021 Certified Taxable Assessed Valuation	% of 2021 Certified Taxable Assessed Valuation
Scott Felder Homes LLC (a)	\$ 5,708,520	6.47%
Pulte Homes of Texas LP (a)	5,154,980	5.85%
Vista Alta Del Veramndi LLC	4,798,590	5.44%
Gehan Homes Ltd (a)	4,015,080	4.55%
Perry Homes LLC (a)	3,207,630	3.64%
Veramendi PE-Brisbane LLC (b)	3,174,110	3.60%
Weekley Homes LLC (a)	2,020,217	2.29%
Individual	505,950	0.57%
Fritsch Living Trust 12-21-1996	473,290	0.54%
Individual	452,884	0.51%
Total	\$ 29,511,251	33.46%

(a) See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS—The Builders.”

(b) See “THE DEVELOPER AND PRINCIPAL PROPERTY OWNERS—Description of the Developer and Principal Property Owners.”

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District’s tax base occurred beyond the 2021 Certified Taxable Assessed Value of \$88,189,684 and Estimated Taxable Assessed Valuation as of September 21, 2021, of \$132,042,907. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the and the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, and the sale of no additional bonds. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”

Average Annual Debt Service Requirement (2022-2047).....	\$847,558
\$1.02 Tax Rate on 2021 Certified Taxable Assessed Valuation	\$854,558
\$0.68 Tax Rate on Estimated Taxable Assessed Valuation as of September 21, 2021	\$852,997
Maximum Annual Debt Service Requirement (2023)	\$1,045,700
\$1.25 Tax Rate on 2021 Certified Taxable Assessed Valuation	\$1,047,252
\$0.84 Tax Rate on Estimated Taxable Assessed Valuation as of September 21, 2021	\$1,053,702

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District as of September 21, 2021 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS—Future Debt") 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 herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a residence homestead exemption equal to exemption received by the deceased spouse until such surviving spouse remarries. 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. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted by July 1. The District currently does not grant a homestead exemption. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is (i) 65 years of age or older, (ii) disabled or (iii) a disabled veteran, 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. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2021 tax year, the Board of Directors determined the District to be a Developing District for the purposes of adopting the 2021 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made.

The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Build America Mutual Assurance Company

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

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$504.3 million, \$181.5 million and \$322.8 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. Bond Counsel's opinion also will address the matters described below under "Tax Exemption." The legal opinion of Bond Counsel will be printed on the Bonds. Such opinion will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Coats Rose, P.C. also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, 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 of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

Not Qualified Tax-Exempt Obligations for Financial Institutions

The Bonds are NOT designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

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 OFFICIAL STATEMENT, as it may have been supplemented or amended through the date of sale.

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (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 would be included as an alternative minimum tax preference term under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). The statutes, regulations, rulings, and court decisions on which the opinion is based are subject to change.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with the representations and warranties in and covenants of the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, “S” corporations with “subchapter C” earnings and profits, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the “Discount Bonds”) is less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, “S” corporations with “subchapter C” earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Bonds (the “Premium Bonds”) is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Bond Counsel

Coats Rose, P.C. is employed as Bond Counsel for the District and has reviewed the information appearing in this OFFICIAL STATEMENT under the captions "THE BONDS," "THE DISTRICT-General," "THE SYSTEM—The Master District—Utility Agreement Between the District and the City of New Braunfels," "TAXING PROCEDURES," "LEGAL 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.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants that have provided information used herein.

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

Auditor: The financial statements of the District as of June 30, 2021, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Tax Appraisal and Collections: The Comal Appraisal District has the responsibility of appraising all property within the District. Taxes are collected by the Comal County Tax Collector. See "TAXING PROCEDURES."

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB through EMMA. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt" and "Overlapping Taxes," "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2022. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Specified Event Notices

The District will provide timely notices of certain 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 other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event,

modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “material” and “financial obligation” 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 financial information, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

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

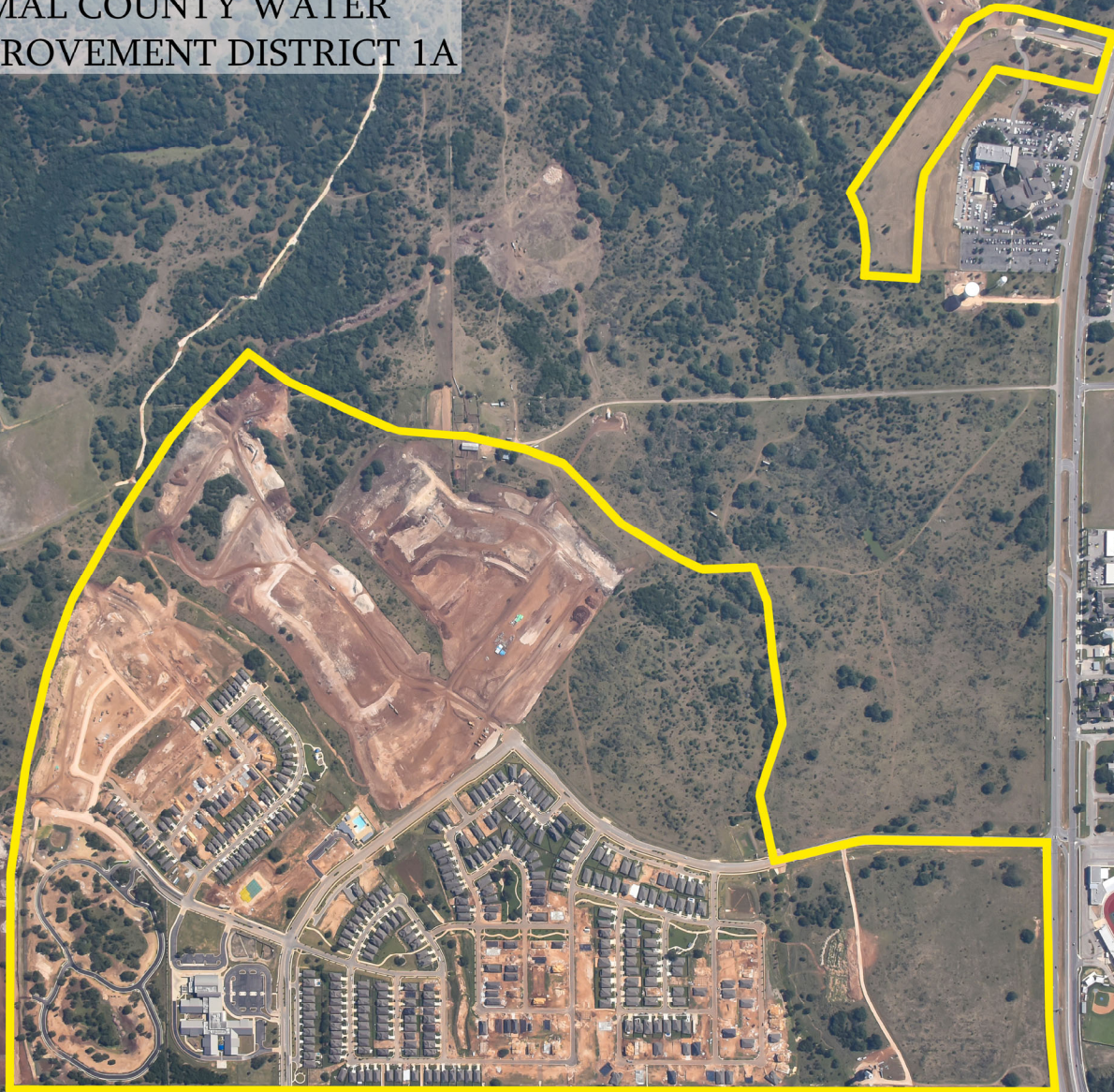
/s/ Donnie Shaw
President, Board of Directors

ATTEST:

/s/ George Nevitt
Secretary, Board of Directors

AERIAL LOCATION MAP
(Approximate Boundaries as of August 2021)

COMAL COUNTY WATER
IMPROVEMENT DISTRICT 1A



PHOTOGRAPHS OF THE DISTRICT
(Taken August 2021)















PHOTO BY FOSSUM STUDIOS



PHOTO BY FOSSUM STUDIOS

APPENDIX A
Independent Auditor's Report and Financial Statements of the District for the year ended June 30, 2021

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

COMAL COUNTY, TEXAS

ANNUAL AUDIT REPORT

JUNE 30, 2021

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Mark C. Eyring, CPA, PLLC

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

October 7, 2021

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Comal County Water Improvement District No. 1A
Collin and Hunt Counties, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Comal County Water Improvement District No. 1A, as of and for the year ended June 30, 2021, 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 Comal County Water Improvement District No. 1A as of June 30, 2021, 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 developers 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 developers. 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 19 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 20 to 31 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.

A handwritten signature in black ink, appearing to read "M. G. J.", is located at the bottom right of the page.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Comal County Water Improvement District No. 1A (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 June 30, 2021.

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, drainage and road systems from this fund are subject to the Rules of the Texas Commission on Environmental Quality and/or the Bond Orders. 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

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 511,745	\$ 872,050	\$ (360,305)
Capital assets	23,029,115	15,549,958	7,479,157
Total assets	<u>23,540,860</u>	<u>16,422,008</u>	<u>7,118,852</u>
Long-term liabilities	26,255,123	18,804,057	7,451,066
Other liabilities	90,190	576,027	(485,837)
Total liabilities	<u>26,345,313</u>	<u>19,380,084</u>	<u>6,965,229</u>
Net position:			
Invested in capital assets, net of related debt	(2,939,320)	(2,836,201)	(103,119)
Restricted	197,382	3,892	193,490
Unrestricted	(62,515)	(125,767)	63,252
Total net position	<u>\$ (2,804,453)</u>	<u>\$ (2,958,076)</u>	<u>\$ 153,623</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 338,121	\$ 74,227	\$ 263,894
Other	3,315	253	3,062
Total revenues	<u>341,436</u>	<u>74,480</u>	<u>266,956</u>
Expenses:			
Service operations	80,905	93,619	(12,714)
Debt service	106,908	208,676	(101,768)
Capital outlay	0	2,623,886	(2,623,886)
Total expenses	<u>187,813</u>	<u>2,926,181</u>	<u>(2,738,368)</u>
Change in net position	153,623	(2,851,701)	3,005,324
Net position, beginning of year	<u>(2,958,076)</u>	<u>(106,375)</u>	<u>(2,851,701)</u>
Net position, end of year	<u>\$ (2,804,453)</u>	<u>\$ (2,958,076)</u>	<u>\$ 153,623</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended June 30, 2021, were \$476,974, an increase of \$171,449 from the prior year.

The General Fund balance increased by \$72,786, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$96,840, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$1,823, as interest earnings on deposits and the reimbursement of \$3,150 from the General Fund exceeded authorized expenditures.

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 comparison of actual to budgeted amounts is presented on Page 19 of this report. The budgetary fund balance as of June 30, 2021, was expected to be \$310,676 and the actual end of year fund balance was \$140,292.

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:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Construction in progress	<u>\$ 23,029,115</u>	<u>\$ 15,549,958</u>	<u>\$ 7,479,157</u>

Changes to capital assets during the fiscal year ended June 30, 2021, are summarized as follows:

Additions:	
Utilities and roads constructed by developers	<u>\$ 7,479,157</u>

Debt

Changes in the bonded debt position of the District during the fiscal year ended June 30, 2021, are summarized as follows:

Bonded debt payable, beginning of year	\$ 3,150,000
Bonds sold	<u>0</u>
Bonded debt payable, end of year	<u>\$ 3,150,000</u>

At June 30, 2021, the District had \$142,500,000 unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage purposes and \$58,350,000 for road purposes authorized but unissued.

The District's bonds are not rated.

As further described in Note 5 of the notes to the financial statements, the developers within the District have advanced funds to the District to cover initial operating deficits. As of June 30, 2021, the cumulative amount of developer advances for this purpose was \$229,428.

As further described in Note 5 of the notes to the financial statements, the developers within the District are constructing roads and water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality, as applicable. At June 30, 2021, the estimated amount due to the developers was \$23,029,115.

The developers may also advance funds for the construction of Master District Facilities. The District and the other participants will each be responsible for their pro rata share of such costs. At June 30, 2021, there was no liability for Master District Facilities.

ADDITIONAL RELEVANT FACTORS

Property Tax Base

The District's tax base increased approximately \$29,015,000 for the 2020 tax year primarily due to the addition of new homes and property to the tax base..

The District's tax base is concentrated in a small number of taxpayers. The District's developers own a substantial portion of land 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 New Braunfels

The District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels (the "City") and obtains water, sewer and drainage services from the City. In consideration of the District and Master District acquiring and constructing the water, sanitary sewer, drainage and road systems on behalf of the City, the City agreed to own, operate and maintain these systems.

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City. 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.

Comal County Master Water Improvement District

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B") and Comal County Master Water Improvement District (the "Master District"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 88,524	\$ 333,380	\$ 20,470	\$ 442,374	\$	\$ 442,374
Property taxes receivable	26,621			26,621		26,621
Maintenance taxes collected not yet transferred from other fund	15,969			15,969	(15,969)	15,969
Prepaid bond issuance expenditures	42,750			42,750		42,750
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				<u>0</u>	<u>23,029,115</u>	<u>23,029,115</u>
Total assets	<u>\$ 173,864</u>	<u>\$ 333,380</u>	<u>\$ 20,470</u>	<u>\$ 527,714</u>	<u>23,013,146</u>	<u>23,540,860</u>
LIABILITIES						
Accounts payable	\$ 6,951	\$ 1,199	\$	\$ 8,150		8,150
Accrued interest payable				0	17,794	17,794
Maintenance taxes collected not yet transferred to other fund		15,969		15,969	(15,969)	15,969
Long-term liabilities, Note 5:						
Due within one year				0	64,246	64,246
Due in more than one year				<u>0</u>	<u>26,255,123</u>	<u>26,255,123</u>
Total liabilities	<u>6,951</u>	<u>17,168</u>	<u>0</u>	<u>24,119</u>	<u>26,321,194</u>	<u>26,345,313</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>26,621</u>	<u>0</u>	<u>0</u>	<u>26,621</u>	<u>(26,621)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for bond interest, Note 5		121,433		121,433	(121,433)	0
Assigned to:						
Debt service		194,779		194,779	(194,779)	0
Capital projects			20,470	20,470	(20,470)	0
Unassigned	<u>140,292</u>			<u>140,292</u>	<u>(140,292)</u>	<u>0</u>
Total fund balances	<u>140,292</u>	<u>316,212</u>	<u>20,470</u>	<u>476,974</u>	<u>(476,974)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 147,243</u>	<u>\$ 333,380</u>	<u>\$ 20,470</u>	<u>\$ 501,093</u>		
Net position:						
Invested in capital assets, net of related debt, Note 4					(2,939,320)	(2,939,320)
Restricted for debt service					176,912	176,912
Restricted for capital projects					20,470	20,470
Unrestricted, Note 5					<u>(62,515)</u>	<u>(62,515)</u>
Total net position					<u>\$ (2,804,453)</u>	<u>\$ (2,804,453)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

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

FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 112,867	\$ 194,118	\$	\$ 306,985	\$ 26,621	\$ 333,606
Penalty and interest		4,515		4,515		4,515
Interest on deposits and other revenues	3,150	150	15	3,315		3,315
Total revenues	116,017	198,783	15	314,815	26,621	341,436
EXPENDITURES / EXPENSES						
Administrative expenditures:						
Professional fees	52,658			52,658		52,658
Contracted services	11,151	3,167		14,318		14,318
Administrative expenditures	12,427	160	1,342	13,929		13,929
Debt service:						
Interest		98,616		98,616	8,292	106,908
Total expenditures / expenses	76,236	101,943	1,342	179,521	8,292	187,813
Excess (deficiency) of revenues over expenditures	39,781	96,840	(1,327)	135,294	18,329	153,623
OTHER FINANCING SOURCES (USES)						
Reimbursement to (from) other fund	(3,150)		3,150	0	0	0
Developer advances, Note 5	36,155			36,155	(36,155)	0
Total other financing sources (uses)	33,005	0	3,150	36,155	(36,155)	0
Net change in fund balances / net position	72,786	96,840	1,823	171,449	(17,826)	153,623
Beginning of year	67,506	219,372	18,647	305,525	(3,263,601)	(2,958,076)
End of year	<u>\$ 140,292</u>	<u>\$ 316,212</u>	<u>\$ 20,470</u>	<u>\$ 476,974</u>	<u>\$ (3,281,427)</u>	<u>\$ (2,804,453)</u>

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1ANOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2021

NOTE 1: REPORTING ENTITY

Comal County Water Improvement District No. 1A (the "District") was created on August 11, 2017 as Comal County Water Improvement District No. 1 (the "Original District") was divided into three districts; (1) Comal County Water Improvement District No. 1A, (2) Comal County Water Improvement District No. 1B and (3) Comal County Master Water Improvement District. The Original District was created by Act of the 81st Texas Legislature, Regular Session, as a conservation and reclamation district. The District assumed the rights, privileges and obligations of the Original District. The District operates in accordance with Texas Water Code Chapters 49 and 51, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapter 9038 of the Texas Special District Local Laws Code. The District is located within the extra territorial jurisdiction of the City of New Braunfels and within Comal County, Texas. 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 August 11, 2017. The District is subject to the continuing supervision of the TCEQ with respect to water, wastewater and drainage. The District is empowered, among other things, to provide for water, wastewater, drainage and road facilities.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 District first utilizes restricted resources to finance qualifying activities. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 and other 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	\$ 476,974
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Total capital assets, net	23,029,115
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	\$ (3,150,000)
Issuance discount (to be amortized as interest expense)	89,174
Due to developers for operating advances	(229,428)
Due to developers for construction	<u>(23,029,115)</u>
	(26,319,369)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:	
Uncollected property taxes	26,621
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:	
Accrued interest	<u>(17,794)</u>
Net position, end of year	<u>\$ (2,804,453)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances	\$ 171,449
<p>The receipt of developer advances provides current financial resources to the funds, while the repayment of such advances consume 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:</p>	
Developer advances	(36,155)
<p>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:</p>	
Issuance discount	(5,326)
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>	
Uncollected property taxes	26,621
<p>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:</p>	
Accrued interest	<u>(2,966)</u>
Change in net position	<u>\$ 153,623</u>

NOTE 4: CAPITAL ASSETS

At June 30, 2021, "Invested in capital assets, net of related debt" was \$(2,939,320). This amount was negative primarily because the District transfers the ownership of capital assets constructed by the District to the City of New Braunfels (the "City"). The District is to pay for construction of a water distribution system, a sanitary sewer collection system, a drainage system and road system to serve the District. The District shall be the owner of each phase of the construction of each system until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired.

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 15,549,958	\$ 7,479,157	\$ 0	\$ 23,029,115
Total capital assets not being depreciated	<u>15,549,958</u>	<u>7,479,157</u>	<u>0</u>	<u>23,029,115</u>
Total capital assets, net	<u>\$ 15,549,958</u>	<u>\$ 7,479,157</u>	<u>\$ 0</u>	<u>\$ 23,029,115</u>
Changes to capital assets:				
Increase in liability to developer for construction		<u>\$ 7,479,157</u>	<u>\$ 0</u>	
Net increases / decreases to capital assets		<u>\$ 7,479,157</u>	<u>\$ 0</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 3,150,000	\$	\$	\$ 3,150,000	\$ 70,000
Add (less) deferred amounts:					
For issuance (discounts) premiums	<u>(94,500)</u>	<u> </u>	<u>(5,326)</u>	<u>(89,174)</u>	<u>(5,754)</u>
Total bonds payable	<u>3,055,500</u>	<u> 0</u>	<u>(5,326)</u>	<u>3,060,826</u>	<u>64,246</u>
Due to developers for operating advances (see below)	193,273	36,155	0	229,428	-----
Due to developers for construction (see below)	<u>15,549,958</u>	<u>7,479,157</u>	<u> </u>	<u>23,029,115</u>	<u> </u>
Total due to developers	<u>15,743,231</u>	<u>7,515,312</u>	<u> 0</u>	<u>23,258,543</u>	<u> 0</u>
Total long-term liabilities	<u>\$ 18,798,731</u>	<u>\$ 7,515,312</u>	<u>\$ (5,326)</u>	<u>\$ 26,319,369</u>	<u>\$ 64,246</u>

Water, sewer and drainage bonds voted	\$ 142,500,000
Water, sewer and drainage bonds approved for sale and sold	0
Water, sewer and drainage bonds voted and not issued	142,500,000
Road bonds voted	\$ 61,500,000
Road bonds approved for sale and sold	3,150,000
Road bonds voted and not issued	58,350,000

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.

The bond issues payable at June 30, 2021, were as follows:

	<u>Series 2020</u>
Amounts outstanding, June 30, 2021	\$3,150,000
Interest rates	3.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2021/2045
Interest payment dates	September 1/March 1
Callable dates	September 1, 2025*

*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

In accordance with the Series 2020 Bond Order, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond interest reserve, beginning of year	\$ 219,299
Deduct appropriation for bond interest paid	<u>(97,866)</u>
Bond interest reserve, end of year	<u>\$ 121,433</u>

Developer Construction Commitments, Liabilities and Advances

The developers within the District have advanced funds to the District to cover initial operating deficits. At June 30, 2021, the cumulative amount of unreimbursed developer advances was \$229,428. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in "Unrestricted net position" in the government-wide financial statements. Without this decrease, "Unrestricted net position" would have a balance of \$166,913.

The developers within the District have constructed certain underground facilities and roads within the District's boundaries. The District has agreed to reimburse the developers 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, as applicable. The District's engineer stated that unreimbursed cost of the construction in progress at June 30, 2021, was \$23,029,115. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

Master District Debt Service

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B") and Comal County Master Water Improvement District (the "Master District")(collectively, the "Participants"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

Pursuant to the Master District Contract, the Master District will provide certain regional water, sanitary sewer drainage and road 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, storm drainage lines and roads within its respective boundaries. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Veramendi. The Master District may finance the costs of such facilities through agreements with one or more developers or by selling Master District 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. At June 30, 2021, there was no liability for Master District Facilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 6: PROPERTY TAXES AND CONCENTRATION OF TAX BASE

The Comal County Appraisal District has the responsibility for appraising property for all taxing units within the county 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.

At an election held November 7, 2017, the voters within the District authorized a maintenance tax not to exceed \$1.20 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 pay debt service on water, wastewater, drainage and road bonds or to satisfy the District's contractual obligations to the Master District.

On September 18, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$38,081,502:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.5100	\$ 194,118
Maintenance	<u>0.2840</u>	<u>108,097</u>
	<u>\$ 0.7940</u>	<u>\$ 302,215</u>

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

2020 tax year total property tax levy	\$ 302,215
Appraisal district adjustments to prior year taxes	<u>31,391</u>
Statement of Activities property tax revenues	<u>\$ 333,606</u>

Concentration of Tax Base

The District's tax base is concentrated in a small number of taxpayers. The District's developers own a substantial portion of land 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

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.

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 District's deposits were covered by federal insurance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**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 two fiscal years. At June 30, 2021, the District had comprehensive general liability insurance coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general limit and consultant's crime coverage of \$10,000.

NOTE 9: RELATIONSHIP TO THE CITY OF NEW BRAUNFELS

The District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels (the "City") and obtains water, sewer and drainage services from the City. In consideration of the District and Master District acquiring and constructing the water, sanitary sewer, drainage and road systems on behalf of the City, the City agreed to own, operate and maintain these systems.

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City. 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.

NOTE 10: CONTRACT WITH COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B") and Comal County Master Water Improvement District (the "Master District")(collectively, the "Participants"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer drainage and road facilities and capacities ("Master District Facilities") and each Participant will pay its pro rata share of such cost. The Master District will establish an Operation and Maintenance Reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance expenses. The District's share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections ("ESFC") within the District by the monthly unit cost per ESFC in the Master District budget. The Master District did not incur any expenses or bill the Participants for the year ended June 30, 2021.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 296,270	\$ 296,270	\$ 112,867	\$ (183,403)
Other			<u>3,150</u>	<u>3,150</u>
TOTAL REVENUES	<u>296,270</u>	<u>296,270</u>	<u>116,017</u>	<u>(180,253)</u>
EXPENDITURES				
Service operations:				
Professional fees	28,000	28,000	52,658	24,658
Contracted services	9,000	9,000	11,151	2,151
Administrative expenditures	<u>16,100</u>	<u>16,100</u>	<u>12,427</u>	<u>(3,673)</u>
TOTAL EXPENDITURES	<u>53,100</u>	<u>53,100</u>	<u>76,236</u>	<u>23,136</u>
EXCESS REVENUES (EXPENDITURES)	243,170	243,170	39,781	(203,389)
OTHER FINANCING SOURCES (USES)				
Reimbursement to other fund	0	0	(3,150)	(3,150)
Developer advances	<u>0</u>	<u>0</u>	<u>36,155</u>	<u>36,155</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>0</u>	<u>0</u>	<u>33,005</u>	<u>33,005</u>
EXCESS SOURCES (USES)	243,170	243,170	72,786	(170,384)
FUND BALANCE, BEGINNING OF YEAR	<u>67,506</u>	<u>67,506</u>	<u>67,506</u>	<u>0</u>
FUND BALANCE, END OF YEAR	<u>\$ 310,676</u>	<u>\$ 310,676</u>	<u>\$ 140,292</u>	<u>\$ (170,384)</u>

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.

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
JUNE 30, 2021

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

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments
Not applicable.
- TSI-4. Taxes Levied and Receivable
- TSI-5. Long-Term Debt Service Requirements by Years
- TSI-6. Changes in Long-Term Bonded Debt
- TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- TSI-8. Board Members, Key Personnel and Consultants

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2021

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

- | | | |
|---|---|---|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input checked="" type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input checked="" type="checkbox"/> Other <u>All services are provided by the City of New Braunfels.</u> | | |

2. Retail Service Providers

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

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

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

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

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

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

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1AEXPENDITURESFOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Professional fees:				
Auditing	\$ 6,500	\$	\$	6,500
Legal	36,155			36,155
Engineering	10,003			10,003
	<u>52,658</u>	<u>0</u>	<u>0</u>	<u>52,658</u>
Contracted services:				
Bookkeeping	11,151			11,151
Tax assessor-collector		975		975
Appraisal district		2,192		2,192
	<u>11,151</u>	<u>3,167</u>	<u>0</u>	<u>14,318</u>
Administrative expenditures:				
Director's fees	7,800			7,800
Insurance	3,371			3,371
Other	1,256	160	1,342	2,758
	<u>12,427</u>	<u>160</u>	<u>1,342</u>	<u>13,929</u>
DEBT SERVICE				
Interest and fees:				
Interest		97,866		97,866
Paying agent fees		750		750
	<u>0</u>	<u>98,616</u>	<u>0</u>	<u>98,616</u>
TOTAL EXPENDITURES	<u>\$ 76,236</u>	<u>\$ 101,943</u>	<u>\$ 1,342</u>	<u>\$ 179,521</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1AANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPESFOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS				
Cash receipts from revenues excluding maintenance taxes	\$ 3,150	\$ 198,783	\$ 15	\$ 201,948
Maintenance tax receipts		112,867		112,867
Transfer of maintenance taxes	96,898			96,898
Reimbursement from other fund			3,150	3,150
Developer advances	<u>36,155</u>			<u>36,155</u>
TOTAL DEPOSITS PROVIDED	<u>136,203</u>	<u>311,650</u>	<u>3,165</u>	<u>451,018</u>
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	78,761	2,128	1,342	82,231
Capital outlay			557,049	557,049
Debt service		98,616		98,616
Prepaid expenditures	42,750			42,750
Transfer of maintenance taxes		96,898		96,898
Reimbursement to other fund	<u>3,150</u>			<u>3,150</u>
TOTAL DEPOSITS APPLIED	<u>124,661</u>	<u>197,642</u>	<u>558,391</u>	<u>880,694</u>
INCREASE (DECREASE) IN DEPOSITS	11,542	114,008	(555,226)	(429,676)
DEPOSITS BALANCES, BEGINNING OF YEAR	<u>76,982</u>	<u>219,372</u>	<u>575,696</u>	<u>872,050</u>
DEPOSITS BALANCES, END OF YEAR	<u>\$ 88,524</u>	<u>\$ 333,380</u>	<u>\$ 20,470</u>	<u>\$ 442,374</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 0	\$ 0
Additions and corrections to prior year taxes	<u>31,391</u>	<u>0</u>
Adjusted receivable, beginning of year	31,391	0
2020 ADJUSTED TAX ROLL	<u>108,097</u>	<u>194,118</u>
Total to be accounted for	139,488	194,118
Tax collections: Current tax year	(108,097)	(194,118)
Prior tax years	<u>(4,770)</u>	<u>0</u>
RECEIVABLE, END OF YEAR	<u>\$ 26,621</u>	<u>\$ 0</u>
RECEIVABLE, BY TAX YEAR		
2018	\$ 4,217	\$ 0
2019	22,404	0
2020	<u>0</u>	<u>0</u>
RECEIVABLE, END OF YEAR	<u>\$ 26,621</u>	<u>\$ 0</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED JUNE 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Land	\$ 42,578,920	\$ 18,631,259	\$ 7,430,985
Improvements	13,347,748	18,071	18,071
Personal property	280,380	36,170	0
Less exemptions	<u>(18,125,546)</u>	<u>(9,619,980)</u>	<u>(7,248,256)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 38,081,502</u>	 <u>\$ 9,065,520</u>	 <u>\$ 200,800</u>
TAX RATES PER \$100 VALUATION			
Debt service tax rates	\$ 0.51000	\$ 0.00000	\$ 0.00000
Maintenance tax rates**	<u>0.28400</u>	<u>0.79400</u>	<u>0.79400</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.79400</u>	 <u>\$ 0.79400</u>	 <u>\$ 0.79400</u>
TAX ROLLS	<u>\$ 302,215</u>	<u>\$ 95,996</u>	<u>\$ 9,005</u>
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	<u>100 %</u>	<u>76.7 %</u>	<u>53.2 %</u>

*First year the District levied ad valorem taxes.

**Maximum tax rate approved by voters on November 7, 2017: \$1.20

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
FOR THE YEAR ENDED JUNE 30, 2021

Due During Fiscal Years Ending June 30	Series 2020		
	Principal Due September 1	Interest Due September 1, March 1	Total
2022	\$ 70,000	\$ 105,712	\$ 175,712
2023	75,000	103,537	178,537
2024	75,000	101,288	176,288
2025	80,000	98,962	178,962
2026	85,000	96,488	181,488
2027	90,000	93,862	183,862
2028	90,000	91,162	181,162
2029	95,000	88,388	183,388
2030	100,000	85,462	185,462
2031	105,000	82,387	187,387
2032	110,000	79,025	189,025
2033	115,000	75,369	190,369
2034	120,000	71,550	191,550
2035	125,000	67,569	192,569
2036	130,000	63,425	193,425
2037	135,000	58,950	193,950
2038	145,000	54,050	199,050
2039	150,000	48,887	198,887
2040	155,000	43,550	198,550
2041	165,000	37,950	202,950
2042	170,000	31,875	201,875
2043	180,000	25,313	205,313
2044	185,000	18,469	203,469
2045	195,000	11,344	206,344
2046	205,000	3,844	208,844
TOTALS	<u>\$ 3,150,000</u>	<u>\$ 1,638,418</u>	<u>\$ 4,788,418</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED JUNE 30, 2021

Bond Series:	2020
Interest Rate:	3.00% to 3.75%
Dates Interest Payable:	September 1/ March 1
Maturity Dates:	September 1, 2021/2045
Bonds Outstanding at Beginning of Current Year	\$ 3,150,000
Less Retirements	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,150,000</u>
Current Year Interest Paid	<u>\$ 97,866</u>

Bond Descriptions and Original Amount of Issue

Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2020 (\$3,150,000)

Paying Agent/Registrar

Bank of New York Mellon Trust Company, NA, Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Road Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 142,500,000	\$ 61,500,000	\$ 306,000,000
Amount Issued:	0	3,150,000	0
Remaining to be Issued:	142,500,000	58,350,000	306,000,000

Net Debt Service Fund deposits and investments balances as of June 30, 2021:	\$ 316,212
Average annual debt service payment for remaining term of all debt:	191,537

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED JUNE 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019*	2018**	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 112,867	\$ 73,668	\$ 1,594	\$	\$	97.3 %	99.2 %	100.0 %	%	%
Penalty and interest and other	<u>3,150</u>	<u>559</u>	<u></u>	<u></u>	<u></u>	<u>2.7</u>	<u>0.8</u>	<u></u>	<u></u>	<u></u>
TOTAL REVENUES	<u>116,017</u>	<u>74,227</u>	<u>1,594</u>	<u>0</u>	<u>0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>N/A</u>	<u>N/A</u>
EXPENDITURES										
Service operations:										
Professional fees	52,658	77,917	45,206	37,292		45.4	104.9	2836.0		
Contracted services	11,151	5,120	1,839	2,209		9.6	6.9	115.4		
Administrative expenditures	<u>12,427</u>	<u>10,582</u>	<u>4,478</u>	<u>14,341</u>	<u></u>	<u>10.7</u>	<u>14.3</u>	<u>280.9</u>	<u></u>	<u></u>
TOTAL EXPENDITURES	<u>76,236</u>	<u>93,619</u>	<u>51,523</u>	<u>53,842</u>	<u>0</u>	<u>65.7</u>	<u>126.1</u>	<u>3232.3</u>	<u>N/A</u>	<u>N/A</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 39,781</u>	<u>\$ (19,392)</u>	<u>\$ (49,929)</u>	<u>\$ (53,842)</u>	<u>\$ 0</u>	<u>34.3 %</u>	<u>(26.1) %</u>	<u>(3132.3 %)</u>	<u>N/A %</u>	<u>N/A %</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					

*District was funded primarily by developer advances for fiscal years 2019 and prior.

**First year of financial activity.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED JUNE 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020*	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 194,118	\$ 0				97.6 %	0.0 %	%	%	%
Penalty and interest	4,515	0				2.3	0.0			
Accrued interest on bonds received at date of sale	0	6,524				0.0	98.9			
Interest on deposits	150	73				0.1	1.1			
TOTAL REVENUES	198,783	6,597	0	0	0	100.0	100.0	0.0	0.0	0.0
EXPENDITURES										
Current:										
Professional fees	0	0				0.0	0.0			
Contracted services	3,167	0				1.6	0.0			
Other expenditures	160	0				0.1	0.0			
Debt service:										
Principal retirement	0	0				0.0	0.0			
Interest and fees	98,616	0				49.6	0.0			
TOTAL EXPENDITURES	101,943	0	0	0	0	51.3	0.0	0.0	0.0	0.0
EXCESS REVENUES (EXPENDITURES)	\$ 96,840	\$ 6,597	\$ 0	\$ 0	\$ 0	48.7 %	100.0 %	0.0 %	0.0 %	0.0 %

*First year of financial activity.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1ABOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSJUNE 30, 2021

Complete District Mailing Address: Comal County Water Improvement District No. 1A
 c/o Coats Rose, P.C.
 14755 Preston Road, Suite 600
 Dallas, Texas 75254

District Business Telephone No.: 972-788-1600

Submission date of the most recent District Registration Form: March 27, 2020

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

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Donnie Shaw c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Elected 5/02/20- 5/04/24	\$ 1,200	\$ 0	President
Elizabeth "Sissy Roach" Preston c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Elected 5/05/18- 5/07/22	1,650	0	Vice President
Robert Whitley c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Elected 5/05/18- 5/07/22	1,800	0	Secretary
George Nevitt c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Elected 5/02/20- 5/04/24	1,650	0	Assistant Secretary
Bruce Bartlett c/o Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Elected 5/02/20- 5/04/24	1,500	0	Assistant Secretary

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1ABOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)JUNE 30, 2021CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	8/11/17	\$ 36,155	Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	8/11/17	11,151	Bookkeeper
Debra Loggins P.O. Box 170 Tomball, Texas 77377	8/11/17	0	Investment Officer
LJA Engineering, Inc. 7500 Rialto, Building II, Suite 100 Austin, Texas 78735	8/11/17	10,003	Engineer
Comal County Tax Assessor-Collector P.O. Box 311445 New Braunfels, Texas 78131-1445	8/24/18	0	Tax Assessor- Collector
Comal Appraisal District 900 S. Seguin New Braunfels, Texas 78130	Legislative Action	2,192	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/11/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	6/28/19	6,500	Independent Auditor

See accompanying independent auditor's report.

APPENDIX B
Specimen Municipal Bond Insurance Policy



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN