OFFICIAL STATEMENT DATED AUGUST 17, 2022

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2022. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM): S&P "AA" (stable outlook)
Moody's "A1"
Underlying Rating: Moody's "Baa1"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$2,950,000

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1B
(A political subdivision of the State of Texas located within Travis County)
UNLIMITED TAX ROAD BONDS
SERIES 2022

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

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

Dated Date: September 1, 2022 **Due: March 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Registrar/Paying Agent") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the date of initial delivery (expected September 14, 2022) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2023, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

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 ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2024	$ 120,000	3.00%	2.400%	52109H QM8	2028	$ 120,000	4.00%	2.900%	52109H QR7
2025	120,000	3.00	2.500	52109H QN6	***	***	***	***	***
2026	120,000	4.00	2.650	52109H QP1	2031	120,000 (a)	3.00	3.200	52109H QU0
2027	120,000	4.00	2.800	52109H QQ9					

$240,000 Term Bonds due March 1, 2030 (a), 52109H QT3 (b), 3.00% Interest Rate, 3.000% Yield (c)
$240,000 Term Bonds due March 1, 2033 (a), 52109H QW6 (b), 3.25% Interest Rate, 3.500% Yield (c)
$240,000 Term Bonds due March 1, 2035 (a), 52109H QY2 (b), 3.50% Interest Rate, 3.750% Yield (c)
$240,000 Term Bonds due March 1, 2037 (a), 52109H RA3 (b), 4.00% Interest Rate, 3.850% Yield (c)
$235,000 Term Bonds due March 1, 2039 (a), 52109H RC9 (b), 4.00% Interest Rate, 4.000% Yield (c)
$575,000 Term Bonds due March 1, 2044 (a), 52109H RH8 (b), 4.00% Interest Rate, 4.097% Yield (c)
$460,000 Term Bonds due March 1, 2048 (a), 52109H RM7 (b), 4.00% Interest Rate, 4.111% Yield (c)

(a) Bonds maturing on or after March 1, 2029, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2028, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

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

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

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about September 14, 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 representations must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Bond Counsel, 1108 Lavaca St., Suite 510, Austin, Texas, 78701, for further information.

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "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 97.0242% of the par value thereof, which resulted in a net effective interest rate of 4.060775%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

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 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.

There are currently no COVID-19 related operating limits imposed by the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed 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.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to 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 re-imposition of restrictions. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

THE DISTRICT

Description... The District is one of the five municipal utility districts that were created by the division of Lazy Nine Municipal Utility District. Lazy Nine Municipal Utility District was originally created by Acts of the 78th Legislature, Regular Session, pursuant to House Bill 3565. House Bill 3565 authorized Lazy Nine Municipal Utility District to divide into multiple districts, subject to a division election. Under this authority and with the approval of the voters at a division election held on November 6, 2007, Lazy Nine Municipal Utility District divided into five municipal utility districts, including the District. The District presently contains approximately 723 acres of land. The District operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT."

Location... The District is located in western Travis County along U.S. Highway 71, approximately five miles west of the City of Bee Cave, Texas and approximately 20 miles west of downtown Austin, Texas. The District is partially within the extraterritorial jurisdiction ("ETJ") of the City of Lakeway. See "THE DISTRICT—Description and Location" and "AERIAL PHOTOGRAPH."

The Developer… NASH-Sweetwater, LLC, a Delaware limited liability company, ("NASH-Sweetwater" or the "Developer") was created for the sole purpose of developing the District and its only substantial asset consists of land in the District. The sole member of NASH-Sweetwater is NASH-CB Holdings, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development LLC ("Brookfield Properties"), an indirect subsidiary of Brookfield Asset Management Inc. Brookfield Properties is a global developer and operator of high-quality real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics. See "THE DEVELOPER."

Sweetwater... The District is part of a master-planned community being developed as Sweetwater. The District is one of two active municipal utility districts created to encompass approximately 1,400 acres. Lazy Nine Municipal Utility District No. 1A owns and operates the water supply and wastewater treatment facilities serving the District. See "THE SYSTEM."

Status of Development... Water, wastewater and storm drainage facilities have been constructed to serve 1,371 single-family residential lots on approximately 422 acres. As of June 30, 2022, 1,188 homes had been completed (1,185 occupied), 167 new homes were under construction or continued to be in a builder's name and 16 vacant developed lots were available for home construction. Additionally, 182 single-family lots are under construction on approximately 42 acres, with completion expected in the fourth quarter of 2022. Homes in the District have a sales price ranging from approximately $490,000 to $1,500,000. Recreational facilities have been constructed on approximately 12 acres that include a 2,500 square foot clubhouse, a 2,900 square foot amenity center, amenity buildings, pools, a bath house, pavilions, a multi-use ball facility, a park and a basketball court. A daycare center has been constructed on approximately 3 acres, and a convenience store and retail building have been constructed on approximately 4 acres. A Jiffy Lube is currently under construction on approximately one acre. An additional approximately 10 acres of commercial tracts are served with trunk utilities; however, no commercial improvements have been constructed. In addition, the District includes approximately 99 developable acres which are not yet provided with utility service and approximately 130 acres of land which are not developable (utility easements, detention, open space and right-of way). See "THE DISTRICT—Land Use" and "—Status of Development."

Builders... Homes are being built in the District by Perry Homes, Westin Homes, Pulte Homes, Village Builders (Lennar), Taylor Morrison Homes, MI Homes, Drees Custom Homes, Newmark Homes, and Chesmar Homes pursuant to lot sales contracts with the Developer. See "THE DEVELOPER—Homebuilding."

Payment Record... The District has previously issued ten series of unlimited tax bonds for water, wastewater, and drainage facilities in the aggregate principal amount of $78,985,000, two series of unlimited tax road bonds for road facilities in the aggregate principal amount of $6,885,000 and two series of unlimited tax refunding bonds in the aggregate principal amount of $9,045,000, $80,055,000 of which collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on its Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRJCT (UNAUDITED)—Outstanding Debt."

THE BONDS

Description... The $2,950,000 Unlimited Tax Road Bonds, Series 2022 (the "Bonds") are being issued pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the District's Board of Directors (the "Board") as fully registered bonds. The Bonds are scheduled to mature serially on March 1 in each of the years 2024 through 2028 and 2031, both inclusive, and as term bonds on March 1 in each of the years 2030, 2033, 2035, 2037, 2039, 2044 and 2048 (the "Term Bonds") in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are dated September 1, 2022 and accrue interest from the Date of Delivery, with interest payable March 1, 2023, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."

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

Redemption... Bonds maturing on or after March 1, 2029 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on March 1, 2028, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds...	Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay interest on funds advanced by the Developer, and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. See "THE SYSTEM."
Authority for Issuance...	The Bonds are the third series of bonds issued out of an aggregate of $31,810,000 principal amount of unlimited tax road bonds authorized by the District's voters for the purpose of constructing roads and related improvements and refunding such bonds. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the Travis County, the State of Texas or any entity other than the District. See "THE BONDS—Source of Payment."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer") for the Bonds. Moody's has also assigned an underlying rating of "Baa1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
Not Qualified Tax-Exempt Obligations...	The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.
Bond Counsel...	Allen Boone Humphries Robinson LLP, Austin, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2022 Taxable Assessed Valuation	$848,763,066	(a)
Gross Direct Debt Outstanding	$83,005,000	(b)
Estimated Overlapping Debt	15,526,285	(c)
Gross Direct Debt and Estimated Overlapping Debt	$98,531,285	
Ratio of Gross Direct Debt to:		
2022 Taxable Assessed Valuation	9.78%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2022 Taxable Assessed Valuation	11.61%	
Funds Available for Debt Service as of July 20, 2022:		
Water, Wastewater and Drainage Debt Service Funds	$4,762,263	(d)
Road Debt Service Funds	549,692	(d)
Total Funds Available for Debt Service	$5,311,955	
Funds Available for Operating Funds as of July 20, 2022	$4,463,010	
Funds Available for Water, Wastewater and Drainage Capital Projects as of July 20, 2022	$3,748,589	
2022 Debt Service Tax Rate	$0.62	
2022 Maintenance Tax Rate	0.30	
2022 Total Tax Rate	$0.92	(e)
Average Annual Debt Service Requirement (2023-2048)	$4,398,172	(f)
Maximum Annual Debt Service Requirement (2024)	$5,334,456	(f)
Tax Rate Required to Pay Average Annual Debt Service (2023-2048) at a 95% Collection Rate		
Based upon 2022 Taxable Assessed Valuation	$0.55	
Tax Rate Required to Pay Maximum Annual Debt Service (2024) at a 95% Collection Rate		
Based upon 2022 Taxable Assessed Valuation	$0.67	
Status of Development as of June 30, 2022 (g):		
Occupied Completed Homes	1,185	
Unoccupied Completed Homes	3	
Homes Under Construction or in a Builder’s Name	167	
Lots Available for Home Construction	16	
Lots Under Construction	182	
Commercial Connections	(g)	
Estimated Population	4,148	(h)

(a) The Travis Central Appraisal District (the “Appraisal District”) has certified $748,210,892 of taxable assessed value and an additional $100,552,174 of taxable assessed value remains uncertified and is subject to review and downward revision. No tax will be levied on the uncertified value until it is certified. The 2022 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See “TAXING PROCEDURES.”

(b) After issuance of the Bonds. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Debt” and “THE BONDS—Issuance of Additional Debt.”

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, including the Bonds (“Road Bonds”), and a pro rata portion will be allocated to bonds sold for water, wastewater and drainage facilities (“Water, Wastewater and Drainage Bonds”). See FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”

(e) The District has authorized publication of a proposal to levy a total tax rate of $0.92 per $100 taxable assessed valuation for 2022. In September 2022, the District’s Board of Directors will consider the adoption of such rate with $0.62 allocated to debt service and $0.30 allocated to maintenance and operations.

(f) See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements” and “THE BONDS—Issuance of Additional Debt.”

(g) See “THE DISTRICT—Land Use” and “—Status of Development.”

(h) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1B

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

$2,950,000

UNLIMITED TAX ROAD BONDS
SERIES 2022

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Lazy Nine Municipal Utility District No. 1B (the "District") of its $2,950,000 Unlimited Tax Road Bonds, Series 2022 (the "Bonds").

The Bonds are issued by the District pursuant the terms and conditions of the Bond Resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District, NASH-Sweetwater, LLC ("NASH-Sweetwater" or the "Developer") and development activity in the District. Other descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Allen Boone Humphries Robinson LLP, Bond Counsel, 1108 Lavaca Street, Suite 510, Austin, Texas 78701.

THE BONDS

Description

The Bonds will be dated September 1, 2022 and accrue interest from the Date of Delivery, with interest payable each March 1 and September 1 (each an "Interest Payment Date"), beginning March 1, 2023, and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. The Bonds are issued in fully registered form, in denominations of $5,000 or any integral multiple of $5,000. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Method of Payment of Principal and Interest

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

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

Source of Payment

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

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

Funds

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

The 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 the outstanding Water, Sewer, and Drainage Bonds and funds in the Water, Sewer, and Drainage Debt Service Fund are not available to pay principal and interest on the Road Bonds, including the Bonds.

The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund, to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Road Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a complete description of the use of Bond proceeds and the projects related thereto.

No Arbitrage

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

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on March 1 in each of the years 2030, 2033, 2035, 2037, 2039, 2044 and 2048 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on March 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$240,000 Term Bonds
Due March 1, 2030

Mandatory Redemption Date	Principal Amount
2029	$ 120,000
2030 (maturity)	120,000

$240,000 Term Bonds
Due March 1, 2033

Mandatory Redemption Date	Principal Amount
2032	$ 120,000
2033 (maturity)	120,000

$240,000 Term Bonds
Due March 1, 2035

Mandatory Redemption Date	Principal Amount
2034	$ 120,000
2035 (maturity)	120,000

$240,000 Term Bonds
Due March 1, 2037

Mandatory Redemption Date	Principal Amount
2036	$ 120,000
2037 (maturity)	120,000

$235,000 Term Bonds
Due March 1, 2039

Mandatory Redemption Date	Principal Amount
2038	$ 120,000
2039 (maturity)	115,000

$575,000 Term Bonds
Due March 1, 2044

Mandatory Redemption Date	Principal Amount
2040	$ 115,000
2041	115,000
2042	115,000
2043	115,000
2044 (maturity)	115,000

$460,000 Term Bonds
Due March 1, 2048

Mandatory Redemption Date	Principal Amount
2045	$ 115,000
2046	115,000
2047	115,000
2048 (maturity)	115,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2028, 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).

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

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

Authority for Issuance

At a bond election held within the District on November 6, 2012, voters of the District authorized the issuance of $31,810,000 principal amount of unlimited tax road bonds for the purpose of constructing road and related improvements and refunding such bonds. The Bonds are being issued pursuant to such authorization.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Registration and Transfer

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

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

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

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

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

Lost, Stolen or Destroyed Bonds

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

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

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District's voters have authorized the issuance of $31,810,000 principal amount of unlimited tax road bonds for the purpose of constructing roads and related improvements and refunding such bonds, $216,182,435 principal amount of unlimited tax bonds for purchasing and constructing a water, wastewater and storm drainage system and refunding such bonds and $36,925,000 principal amount of unlimited tax bonds for parks and recreational facilities and refunding such bonds. After the issuance of the Bonds, the District will have $21,975,000 principal amount of unlimited tax bonds for roads and related improvements and refunding such bonds, $136,967,435 principal amount of unlimited tax bonds for a water, wastewater and storm drainage system and refunding such bonds, and all of the unlimited tax bonds authorized for parks and recreational facilities and refunding such bonds authorized but unissued.

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

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

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

Consolidation

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

Remedies in Event of Default

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company ("DTC"), New York, 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 of each series, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc., engineering consultant to the District. Non-construction costs are based upon either contract amounts, or estimates of various costs by Malone/Wheeler Inc. (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 review by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used.

I.	**CONSTRUCTION COSTS**		
	• Pedernales Summit Parkway, Section Two	$	1,960,723
	• Engineering and Testing		241,780
	Total Construction Costs	**$**	**2,202,503**
II.	**NON-CONSTRUCTION COSTS**		
	• Underwriter's Discount	$	87,786
	• Developer Interest (Estimated)		452,572
	Total Non-Construction Costs	**$**	**540,358**
III.	**ISSUANCE COSTS AND FEES**		
	• Issuance Costs and Professional Fees	$	191,675
	• Bond Engineering Fee		11,800
	• Attorney General Fee		2,950
	• Contingency (a)		714
	Total Issuance Costs and Fees	**$**	**207,139**
	TOTAL BOND ISSUE	**$**	**2,950,000**

(a) Contingency represents the difference in the estimated and actual amount of Underwriter's discount and may be used for any lawful purpose for which surplus road construction funds may be used.

SWEETWATER

The District represents the initial development of a master-planned community being developed as Sweetwater. The District is one of two active municipal utility districts created to encompass approximately 1,400 acres at build out. The other District is Lazy Nine Municipal Utility District No. 1A ("MUD 1A"), which owns and operates the water supply and wastewater treatment facilities serving the District. See "THE SYSTEM."

THE DISTRICT

General

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

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

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

Description and Location

The District currently contains approximately 723 acres of land and is located in western Travis County approximately five miles west of the City of Bee Cave, Texas and 20 miles west of downtown Austin, Texas. The District is partially within the its extraterritorial jurisdiction ("ETJ") of the City of Lakeway. Principal access to the District is provided from U.S. Highway 71. Several small, undeveloped tracts of land within the District are also located within the boundaries of MUD 1A. See "AERIAL PHOTOGRAPH" herein.

By Ordinance adopted on July 21, 2008, the City of Lakeway relinquished its rights to the land within the District being within its extraterritorial jurisdiction ("ETJ") and the District has operated since such time as not being within the ETJ of any city. However, by Ordinance adopted on July 19, 2021, the City of Lakeway purported to rescind its prior ordinance.

Land Use

The District currently includes approximately 422 developed acres of single-family residential development (1,371 lots), approximately 42 acres under construction for 182 single-family residential lots, approximately 12 acres of recreational facilities, approximately 130 undevelopable acres (utility easements, detention, open space and right-of-way) and approximately 99 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities. The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Single-Family Residential		
Sweetwater Ranch:		
Section 1, Village G1	21	72
Section 1, Village G2	19	64
Section 1, Village H	14	47
Section 1, Village H2	4	18
Section 1, Village I	32	123
Section 1, Village J	11	49
Section 1, Village K	15	68
Section 1, Village L1	9	33
Section 1, Village L2	15	48
Section 1, Village P1	4	14
Section 2, Village P2	8	35
Section 2,Village P3A	13	63
Section 2,Village P3B	14	75
Section 2,Village E1	29	50
Section 2,Village F1	11	25
Section 2,Village F2	10	23
Section 2,Village F3	12	27
Section 2,Village Z1	22	61
Section 2,Village Z2	13	38
Section 2,Village AA	31	60
Section 2,Village N	41	110
Section 2,Village B	34	109
Section 2,Village O	20	77
Section 2,Village Z3	20	82
Section 2,Village C and D (a)(b)	42	182
Subtotal	464	1,553
Recreation	12	---
Commercial Reserves	18	---
Future Development	99	---
Non-Developable (c)	130	---
Totals	723	1,553

(a) Combined section. Consists of 92 lots in Village C and 90 lots in Village D.
(b) Utility construction is underway with completion expected in the fourth quarter of 2022.
(c) Includes public rights-of-way, detention, open spaces, easements and utility sites.

Status of Development

Single-Family Residential: The District is being developed as Sweetwater, a single-family residential master-planned community. Water, wastewater and storm drainage facilities have been constructed to serve 1,371 single-family residential lots on approximately 422 acres. As of June 30, 2022, 1,188 homes have been completed (1,185 homes occupied), 167 new homes were under construction or continue to be in a builder's name and 16 vacant developed lots were available for home construction. Additionally, 182 single-family lots are under construction on approximately 42 acres, with completion expected in the fourth quarter of 2022. Homes in the District have a sales price ranging from approximately $490,000 to $1,500,000. In addition, the District includes approximately 99 developable acres that are not yet provided with utility service and approximately 130 acres of land are not developable (utility easements, detention, open space and right-of way). The estimated population in the District (based upon 3.5 persons per occupied single-family residence) is 4,148. See "Land Use" above.

Recreation: Recreational facilities have been constructed on approximately 12 acres that include a 2,500 square foot clubhouse, a 2,900 square foot amenity center, amenity buildings, pools, a bath house, pavilions, a multi-use ball facility, a park and a basketball court.

Commercial: A daycare center has been constructed on approximately 3 acres, and a convenience store and retail building have been constructed on approximately 4 acres. A Jiffy Lube is currently under construction on approximately one acre. An additional approximately 10 acres of commercial tracts are served with trunk utilities; however, no commercial improvements have been constructed.

Future Development

The District is currently planned as a primarily single-family residential development. Approximately 99 developable acres of land within the District are not yet fully served with water distribution, wastewater collection, storm drainage or roads (excluding 182 single-family residential lots under construction on approximately 42 acres). While the Developer anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to accomplish full development of the District. See "INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots" and "—Future Debt." The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($198,817,435) should be sufficient to finance the construction of water, wastewater, storm drainage, recreation, and road facilities to complete full development of the District. See "THE SYSTEM" and "INVESTMENT CONSIDERATIONS—Future Debt."

THE DEVELOPER

Role of a Developer

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

NASH-Sweetwater, LLC

NASH-Sweetwater, LLC, a Delaware limited liability company, ("NASH-Sweetwater" or the "Developer") was created for the sole purpose of developing the District and its only substantial asset consists of land in the District. The sole member of NASH-Sweetwater is NASH-CB Holdings, LLC, a Delaware limited liability company. Development of the District is being managed by Brookfield Properties Development LLC ("Brookfield Properties"), an indirect subsidiary of Brookfield Asset Management Inc. Brookfield Properties is a global developer and operator of high-quality real estate assets and is active in nearly all real estate sectors, including office, retail, multifamily, hospitality and logistics.

The Developer is not responsible for, liable for, or committed to pay the Bonds or other obligations of the District. The Developer does not have any legal commitment to the District or the owners of the Bonds to continue development of land within the District and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time. Further, the financial condition of the Developer is subject to change.

Acquisition and Development Financing

NASH-Sweetwater has financed its development activities in the District with funds provided by its indirect parent, NASH Financing LLC, which is a wholly-owned subsidiary of North America Sekisui House, LLC. North America Sekisui House, LLC is a wholly-owned subsidiary of Sekisui House, Ltd., which is listed on the Tokyo Stock Exchange.

Homebuilding

The Developer has entered into lot sales contracts with Perry Homes, Westin Homes, Pulte Homes, Village Builders (Lennar), Taylor Morrison Homes, MI Homes, Drees Custom Homes, Newmark Homes, and Chesmar Homes. According to the Developer, each of the homebuilders is in substantial compliance with all of the terms of its respective lot sales contract. Homebuilders in the District contract directly with the Developer and have no obligation to or agreement with the District to construct any homes or other improvements in the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Ms. Sharon Carter	President	May 2026
Mr. Harry Savio	Vice President	May 2024
Mr. Derrick Jones	Secretary	May 2024
Ms. Abby L. Raines	Assistant Secretary	May 2026
Ms. Shannon Markert	Assistant Vice President/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/Attorney: The District has engaged Allen Boone Humphries Robinson LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

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

Auditor: The District's financial statements for the year ended September 30, 2021, were audited by McGrath & Co., PLLC. See APPENDIX A for a copy of the District's September 30, 2021, audited financial statements.

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

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

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

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

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

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

ROAD SYSTEM

Pedernales Summit Parkway, a major collector street, currently exists within the District's boundaries. The roadway is designed and constructed in accordance with Travis County standards, rules, and regulations. Upon acceptance of the roadway facilities, Travis County will be responsible for operation and maintenance thereof.

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

THE SYSTEM

Regulation

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

Water, Wastewater and Drainage Facilities

Water Supply: MUD 1A, on behalf of the District, has a raw water contract with the Lower Colorado River Authority ("LCRA") whereby the District and the other municipal utility districts in the Sweetwater development have the right to a maximum of 973.81 acre-feet of raw water per year. The District is provided wholesale potable water supply by the West Travis County Public Utility Agency ("WTCPUA") through a wholesale water agreement assigned by the LCRA to WTCPUA. MUD 1A, on behalf of the District, also entered into a Water Utility Facilities Acquisition, Construction and Service Agreement, as amended (the "Water Supply Agreement") with the LCRA. In 2012, the WTCPUA purchased the water system of LCRA and assumed the obligations of the Water Supply Agreement. Pursuant to the terms of the First Amendment to the Water Supply Agreement dated December 30, 2013, LCRA (now the WTCPUA) is obligated to provide wholesale water service for up to 400 equivalent single family connections initially with an option to add additional connections once storage facilities are constructed. The Developer has paid for the District's share of the water storage facilities per the First Amendment to the Water Supply Agreement, and the WTCPUA is now obligated to supply treated wholesale water service for a total of 2,595 Living Unit Equivalents to MUD 1A on behalf of the districts in the Sweetwater development, including the District. The District has entered into a Joint Facilities Agreement with MUD 1A dated June 20, 2012, as amended. Pursuant to the terms of the Second Amendment to the Joint Facilities Agreement, the District has a 68.75% share in the water capacity supplied from LCRA/WTCPUA which will adequately serve 1,784 equivalent single family connections. As of June 30, 2022, the District was serving 1,355 active residential connections (including 167 homes under construction or in a builder's name). The Developer has advanced funds on behalf of the District to pay LCRA, and now WTCPUA, for the connection fees to obtain service capacity rights to serve 1,355 connections in the District (including 167 homes under construction or in a builder's name).

Wastewater Treatment: Wastewater treatment for the District is provided by a wastewater treatment plant owned and operated by MUD 1A. The capacity of the treatment plant is currently 400,000 gallons per day. The District has entered into a Joint Facilities Agreement with MUD 1A to share the costs and capacity in the treatment plant and other regional facilities. Pursuant to the terms of the Second Amendment to the Joint Facilities Agreement, dated April 15, 2015, 68.75% of capacity is allocated to the District. According to the Engineer, the District's 68.75% capacity is capable of serving up to as many as 1,850 equivalent single family connections depending on actual flow rates. This capacity should be able to accommodate the demands generated from development within the District at total build out. As of June 30, 2022, the District was serving 1,355 active single family connections (including 167 homes under construction or in a builder's name).

Water Distribution, Wastewater Collection and Storm Drainage Facilities: Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,371 single-family residential lots, approximately 18 acres of commercial tracts, and approximately 12 acres where recreational facilities are located. Additionally, 182 single-family lots are under construction on approximately 42 acres, with completion expected in the fourth quarter of 2022.

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

Water and Wastewater Operations

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ending September 30, 2018 through September 30, 2021, and an unaudited summary prepared by the Bookkeeper for the eight month period ending May 31, 2022. 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.

	10/1/21 to 5/31/2022	Fiscal Year Ended September 30			
		2021	2020	2019	2018
Revenues					
Water service	$ 1,132,195	$ 1,572,687	$ 1,423,891	$ 1,085,044	$ 991,374
Sewer service	267,258	371,464	294,745	223,895	191,750
Property taxes	1,383,559	978,906	935,657	712,709	551,800
Penalties and interest	28,180	23,673	15,465	27,602	23,316
Tap connection and inspection	756,818	1,243,325	1,257,960	1,133,800	1,060,025
Miscellaneous	-	-	-	-	35,963
Investment earnings	5,300	1,811	22,400	52,595	28,659
Total Revenues	$ 3,573,310	$ 4,191,866	$ 3,950,118	$ 3,235,645	$ 2,882,887
Expenditures					
Current service operations					
Professional fees	$ 147,743	$ 246,766	$ 269,526	$ 279,004	$ 214,545
Contracted services	952,751	1,151,716	1,077,398	1,041,905	889,604
Repairs and maintenance	501,050	636,284	535,599	503,967	313,973
Administrative	38,046	61,394	40,640	21,748	22,196
Other	6,209	9,668	34,359	28,987	26,202
Joint Facilities					
Purchased services	588,487	810,111	760,163	443,420	428,769
Professional fees	61,495	24,833	13,253	64,290	51,492
Contracted services	111,141	161,665	122,890	121,651	100,144
Repairs and maintenance	111,596	281,316	281,839	190,397	139,572
Utilities	45,155	64,584	64,927	59,619	51,804
Water reservation fees	22,645	21,175	24,639	29,991	33,439
Administrative	15,425	15,963	14,362	12,813	10,087
Other	945	1,220	945	945	1,426
Capital outlay	-	-	-	-	85,937
Right-to-use leased asset	-	-	-	-	619,927
Lease - principal	21,178	127,522	117,166	107,651	42,232
Lease - interest	134,280	25,103	35,459	44,974	21,362
Total Expenditures	$ 2,758,146	$ 3,639,320	$ 3,393,165	$ 2,951,362	$ 3,052,711
Revenues Over (Under) Expenditures	$ 815,164	$ 552,546	$ 556,953	$ 284,283	$ (169,824)
Other Financing Sources/(Uses)					
Lease liability	$ -	$ -	$ -	$ -	$ 619,927
Net Change in Fund Balance	$ 815,164	$ 552,546	$ 556,953	$ 284,283	$ 450,103
Fund Balance :					
Beginning of Year	$ 3,784,248	$ 3,231,702	$ 2,674,749	$ 2,390,466	$ 1,940,363
End of Year	$ 4,599,412	$ 3,784,248	$ 3,231,702	$ 2,674,749	$ 2,390,466

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2022 Taxable Assessed Valuation	$848,763,066	(a)
Gross Direct Debt Outstanding	$83,005,000	(b)
Estimated Overlapping Debt	15,526,285	(c)
Gross Direct Debt and Estimated Overlapping Debt	$98,531,285	
Ratio of Gross Direct Debt to:		
2022 Taxable Assessed Valuation	9.78%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2022 Taxable Assessed Valuation	11.61%	
Funds Available for Debt Service as of July 20, 2022:		
Water, Wastewater and Drainage Debt Service Funds	$4,762,263	(d)
Road Debt Service Funds	549,692	(d)
Total Funds Available for Debt Service	$5,311,955	
Funds Available for Operating Funds as of July 20, 2022	$4,463,010	
Funds Available for Water, Wastewater and Drainage Capital Projects as of July 20, 2022	$3,748,589	

(a) The Appraisal District has certified $748,210,892 of taxable assessed value and an additional $100,552,174 of taxable assessed value remains uncertified and is subject to review and downward revision. No tax will be levied on the uncertified value until it is certified. The 2022 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) After issuance of the Bonds. See "THE BONDS—Issuance of Additional Debt," and "—Outstanding Debt" herein.

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

(d) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on an equal basis, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, including the Bonds ("Road Bonds"), and a pro rata portion will be allocated to bonds sold for water, wastewater and drainage facilities ("Water, Wastewater and Drainage Bonds"). See "—Debt Service Requirements" herein.

Investments of the District

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

Outstanding Debt

The District has previously issued $78,985,000 principal amount of unlimited tax bonds in ten issues for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities, $6,885,000 of unlimited tax road bonds in two series, and $9,045,000 principal amount of unlimited tax refunding bonds in two series, of which $80,055,000 principal amount is outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of all series of bonds issued by the District and the Outstanding Bonds as the date hereof.

Series		Original Principal Amount	Outstanding Principal Amount
2013		$ 5,375,000	$ -
2014		5,000,000	120,000
2015		4,520,000	4,020,000
2016		7,000,000	5,940,000
2016A	(a)	4,200,000	3,560,000
2017	(a)	2,685,000	2,370,000
2017A		3,500,000	2,970,000
2018		6,250,000	5,530,000
2019		9,000,000	8,640,000
2020	(b)	4,575,000	4,420,000
2020A		10,340,000	10,035,000
2021	(b)	4,470,000	4,450,000
2021A		14,000,000	14,000,000
2022		14,000,000	14,000,000
Total		$ 94,915,000	$ 80,055,000
The Bonds		2,950,000	2,950,000
Total Outstanding		$ 97,865,000	$ 83,005,000

(a) Unlimited tax road bonds.
(b) Unlimited tax refunding bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Debt" in this section) and the Bonds. The schedule below does not reflect the fact that the District capitalized $455,000 of interest from the Series 2022 Unlimited Tax Bonds proceeds in July 2022. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2022	$ 2,427,046.88 (a)				$ 2,427,046.88
2023	4,895,242.07		$ 105,063.89	$ 105,063.89	5,000,305.96
2024	5,107,256.24	$ 120,000	107,200.00	227,200.00	5,334,456.24
2025	5,076,656.24	120,000	103,600.00	223,600.00	5,300,256.24
2026	5,035,068.74	120,000	99,400.00	219,400.00	5,254,468.74
2027	5,005,131.24	120,000	94,600.00	214,600.00	5,219,731.24
2028	4,971,318.74	120,000	89,800.00	209,800.00	5,181,118.74
2029	4,938,612.50	120,000	85,600.00	205,600.00	5,144,212.50
2030	4,914,700.00	120,000	82,000.00	202,000.00	5,116,700.00
2031	4,891,750.00	120,000	78,400.00	198,400.00	5,090,150.00
2032	4,864,531.26	120,000	74,650.00	194,650.00	5,059,181.26
2033	4,839,646.88	120,000	70,750.00	190,750.00	5,030,396.88
2034	4,812,187.51	120,000	66,700.00	186,700.00	4,998,887.51
2035	4,787,143.76	120,000	62,500.00	182,500.00	4,969,643.76
2036	4,768,481.26	120,000	58,000.00	178,000.00	4,946,481.26
2037	4,731,893.77	120,000	53,200.00	173,200.00	4,905,093.77
2038	4,711,131.28	120,000	48,400.00	168,400.00	4,879,531.28
2039	4,686,125.03	115,000	43,700.00	158,700.00	4,844,825.03
2040	4,641,700.02	115,000	39,100.00	154,100.00	4,795,800.02
2041	4,323,950.03	115,000	34,500.00	149,500.00	4,473,450.03
2042	3,950,821.92	115,000	29,900.00	144,900.00	4,095,721.92
2043	3,603,746.91	115,000	25,300.00	140,300.00	3,744,046.91
2044	2,866,503.15	115,000	20,700.00	135,700.00	3,002,203.15
2045	2,595,425.02	115,000	16,100.00	131,100.00	2,726,525.02
2046	1,626,881.27	115,000	11,500.00	126,500.00	1,753,381.27
2047	1,623,528.14	115,000	6,900.00	121,900.00	1,745,428.14
2048	1,623,184.38	115,000	2,300.00	117,300.00	1,740,484.38
Total	$ 112,319,664.23	$ 2,950,000	$ 1,509,863.89	$ 4,459,863.89	$ 116,779,528.12

Average Annual Debt Service Requirements (2023-2048) $4,398,172
Maximum Annual Debt Service Requirement (2024) $5,334,456

(a) Excludes the March 1, 2022, debt service payment in the amount of $1,400,154.

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Travis County	$ 978,465,000	7/31/2022	0.24%	$ 2,348,316
Austin Community College District	436,260,000	7/31/2022	0.20%	872,520
Lake Travis Independent School District	316,805,000	7/31/2022	3.81%	12,070,271
Travis County Healthcare District	78,140,000	7/31/2022	0.24%	187,536
Travis County Emergency Services District No. 6	1,615,000	7/31/2022	2.95%	47,643
Total Estimated Overlapping Debt				$ 15,526,285
The District's Total Direct Debt (a)				83,005,000
Total Direct and Estimated Overlapping Debt				$ 98,531,285

Direct and Estimated Overlapping Debt as a Percentage of:
2022 Taxable Assessed Valuation of $848,763,066 .... 11.61%

(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 all of the taxes levied for the 2021 tax year by all taxing jurisdictions and the District's 2022 tax rate. None of the overlapping entities below have established a 2022 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate Per $100 Taxable Assessed Valuation
Travis County	$ 0.357365
Austin Community College District	0.104800
Lake Travis Independent School District	1.230100
Travis County Emergency Services District No. 6	0.100000
Travis County Healthcare District	0.111814
Total Overlapping Tax Rate	$ 1.904079
The District (a)	0.920000
Total Tax Rate	$ 2.824079

(a) The District has authorized publication of a proposal to levy a total tax rate of $0.92 per $100 taxable assessed valuation for 2022. In September 2022, the District's Board of Directors will consider the adoption of such rate with $0.62 allocated to debt service and $0.30 allocated to maintenance and operations. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

TAX DATA

Debt Service Tax

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

Maintenance and Operations Tax

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

Historical Tax Rate Distribution

	2022 (a)	2021	2020	2019	2018
Debt Service	$ 0.620	$ 0.740	$ 0.790	$ 0.760	$ 0.770
Maintenance and Operations	0.300	0.245	0.220	0.250	0.240
Total	$ 0.920	$ 0.985	$ 1.010	$ 1.010	$ 1.010

(a) The District has authorized publication of a proposal to levy a total tax rate of $0.92 per $100 taxable assessed valuation for 2022. In September 2022, the District's Board of Directors will consider the adoption of such rate with $0.62 allocated to debt service and $0.30 allocated to maintenance and operations.

Exemptions

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

Additional Penalties

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

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation (a)	Tax Rate		Total Tax Levy	Collections as of May 31, 2022 (b) Amount	Percent
2017	$ 230,552,154	$ 1.010		$ 2,328,577	$ 2,323,920	99.80%
2018	297,843,248	1.010		3,008,217	2,999,192	99.70%
2019	375,516,296	1.010		3,792,715	3,782,854	99.74%
2020	444,435,209	1.010		4,488,796	4,478,921	99.78%
2021	565,209,566	0.985		5,567,314	5,546,158	99.62%
2022	848,763,066	0.920	(c)	7,808,620	(d)	(d)

(a) Certified by the Appraisal District. See "Tax Roll Information" below for exemptions granted by the District.
(b) Unaudited.
(c) The District has authorized publication of a proposal to levy a total tax rate of $0.92 per $100 taxable assessed valuation for 2022. In September 2022, the District's Board of Directors will consider the adoption of such rate with $0.62 allocated to debt service and $0.30 allocated to maintenance and operations.
(d) Taxes for the 2022 tax year are due January 31, 2023.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2018 through 2022 Taxable Assessed Valuations. A breakdown related to the uncertified portion ($100,552,174) of the 2022 Taxable Assessed Valuation is not available from the Appraisal District. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	Type of Property			Gross	Deferments		Net
Tax Roll Year	Land	Improvements	Personal Property	Assessed Valuations	and Exemptions	Uncertified Value	Assessed Valuations
2018	$ 84,187,148	$ 217,484,633	$ 497,904	$ 302,169,685	$ (4,326,437)	$ -	$ 297,843,248
2019	100,806,430	278,988,224	586,075	380,380,729	(4,864,433)	-	375,516,296
2020	119,155,631	332,400,100	580,413	452,136,144	(7,700,935)	-	444,435,209
2021	131,639,694	463,728,535	668,847	596,037,076	(30,827,510)	-	565,209,566
2022	237,986,209	526,630,540	630,444	765,247,193	(17,036,301)	100,552,174	848,763,066

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the certified portion ($748,210,892) of the 2022 Taxable Assessed Valuation of $848,763,066. This represents ownership as of January 1, 2022. A principal taxpayers list related to the uncertified portion ($100,552,174) of the 2022 Taxable Assessed Valuation is not available from the Appraisal District.

Taxpayer	2022 Certified Taxable Assessed Valuation	% of 2022 Certified Taxable Assessed Valuation
NASH Sweetwater LLC (a)	$ 23,865,994	3.19%
Lennar Homes of Texas (b)	9,211,463	1.23%
Westin Homes and Properties LP (b)	8,649,714	1.16%
Taylor Morrison of Texas Inc. (b)	6,984,272	0.93%
Perry Homes LLC (b)	5,129,450	0.69%
Drees Custom Homes LP (b)	4,184,891	0.56%
SARC LLC	3,299,744	0.44%
M/I Homes of Austin LLC (b)	2,776,365	0.37%
Chesmar Homes LLC (b)	2,255,559	0.30%
Individual	2,182,865	0.29%
	$ 68,540,317	9.16%

(a) See "THE DEVELOPER."
(b) See "THE DEVELOPER—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2022 Taxable Assessed Valuation of $848,763,066 ($748,210,892 of certified value and $100,552,174 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates" and "—Future Debt."

Average Annual Debt Service Requirement (2023-2048)	$4,398,172
$0.55 Tax Rate on the 2022 Taxable Assessed Valuation	$4,434,787
Maximum Annual Debt Service Requirement (2024)	$5,334,456
$0.67 Tax Rate on the 2022 Taxable Assessed Valuation	$5,402,377

No representation or suggestion is made that the uncertified portion of the 2022 Taxable Assessed Valuation will not be adjusted downward prior to certification and no person should rely upon such amount or its inclusion herein as assurance of 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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

Property Tax Code

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, 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; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous 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 $3,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forced who was killed or fatally injured in the line of duty 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 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%) 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 before July 1. 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

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

Valuation of Property for Taxation

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

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

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement in writing and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in equal monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Tax Payment Installments After Disaster

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

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than1.08 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. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For tax year 2022, the District is classified as a Developing District.

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (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 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.

There are currently no COVID-19 related operating limits imposed by the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed 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.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to 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 re-imposition of restrictions.

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 of developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Austin 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 (see "Credit Market and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

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

Competition

The demand for and construction of single-family homes in the District, which is 20 miles from downtown Austin, could be affected by competition from other residential developments located in the Travis County area. In addition to competition for 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 Developer in the sale of developed lots and of prospective 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. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Undeveloped Acreage and Vacant Lots

As of June 30, 2022, there are approximately 99 developable acres of land within the District that have not been provided with water, wastewater and storm drainage facilities necessary to the construction of new development. In addition, 16 vacant developed lots were available for new home construction and 182 lots were under construction on approximately 42 acres with completion expected in the fourth quarter of 2022. The District makes no representation as to when or if development of undeveloped acreage will occur or when vacant lots will be sold. See "THE DISTRICT—Land Use."

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2022 Taxable Assessed Valuation is $848,763,066 ($748,210,892 of certified value plus $100,552,174 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $5,334,456 (2024), and the average annual debt service requirement will be $4,398,172 (2023-2048 inclusive). Assuming no increase or decrease from the 2022 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.67 and $0.55 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

No representation or suggestion is made that the uncertified portion of the 2022 Taxable Assessed Valuation will not be adjusted downward prior to certification and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $216,182,435 principal amount of unlimited tax bonds for the purpose of purchasing and constructing a water, wastewater and storm drainage facilities and refunding such bonds, $36,925,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing parks and recreational facilities and refunding such bonds and $31,810,000 principal amount of unlimited tax bonds for the purpose of constructing roads and related improvements and refunding such bonds has been authorized by voters in the District. After the issuance of the Bonds, the District will have $21,975,000 principal amount of unlimited tax bonds for roads and related improvements and refunding such bonds authorized but unissued, $136,967,435 principal amount of unlimited tax bonds for water, wastewater and storm drainage facilities and refunding such bonds, and all the unlimited tax bonds authorized for parks and recreational facilities and refunding authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

To date, the Developer has advanced certain funds for construction of water, wastewater and storm drainage facilities, parks and roads for which it has not been reimbursed. After the reimbursements are made with Bond proceeds, the District will continue to owe the Developer approximately $23,000,000 for such facilities. The District intends to issue additional bonds in order to fully reimburse the Developer and to develop the remainder of undeveloped but developable land (approximately 99 acres) currently in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue; however, the principal amount of bonds issued to finance parks may not exceed one percent (1%) of the District's certified value, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District. The issuance of additional bonds for water, wastewater, and drainage facilities and parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds; however, the issuance of bonds for roads is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Environmental Regulations

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

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

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

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

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

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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 non-stormwater 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 municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

In 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.

On June 9, 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. On November 18, 2021, the EPA and USACE issued a Notice of Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States," and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. 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.

Changes in Tax Legislation

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

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Underwriter has entered into an agreement with Assured Guaranty Municipal Corp. ("AGM" 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 and "A1" (stable outlook) by Moody's. 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 has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

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

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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

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

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

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

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

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

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

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

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "Baa1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody's, 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

Bond Insurance Policy

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At June 30, 2022:

- The policyholders' surplus of AGM was approximately $2,779 million.

- The contingency reserve of AGM was approximately $905 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,114 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (filed by AGL with the SEC on August 4, 2022).

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

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

Miscellaneous Matters

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

PREPARATION OF OFFICIAL STATEMENT

<u>Sources and Compilation of Information</u>

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 except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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

Consultants

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

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

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

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

Auditor: The District's financial statements for the fiscal year ending September 30, 2021, were audited by McGrath & Co., PLLC, Certified Public Accountants. See "APPENDIX A."

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

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

Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12 with the following exception: On August 15, 2018, Moody's Investors Service ("Moody's") upgraded its rating on the District's outstanding general obligation unlimited tax bonds from "Baa3" to "Baa2." The District filed an Event Notice for the upgrade on July 16, 2019, which was more than 10 business days after the occurrence of the event.

MISCELLANEOUS

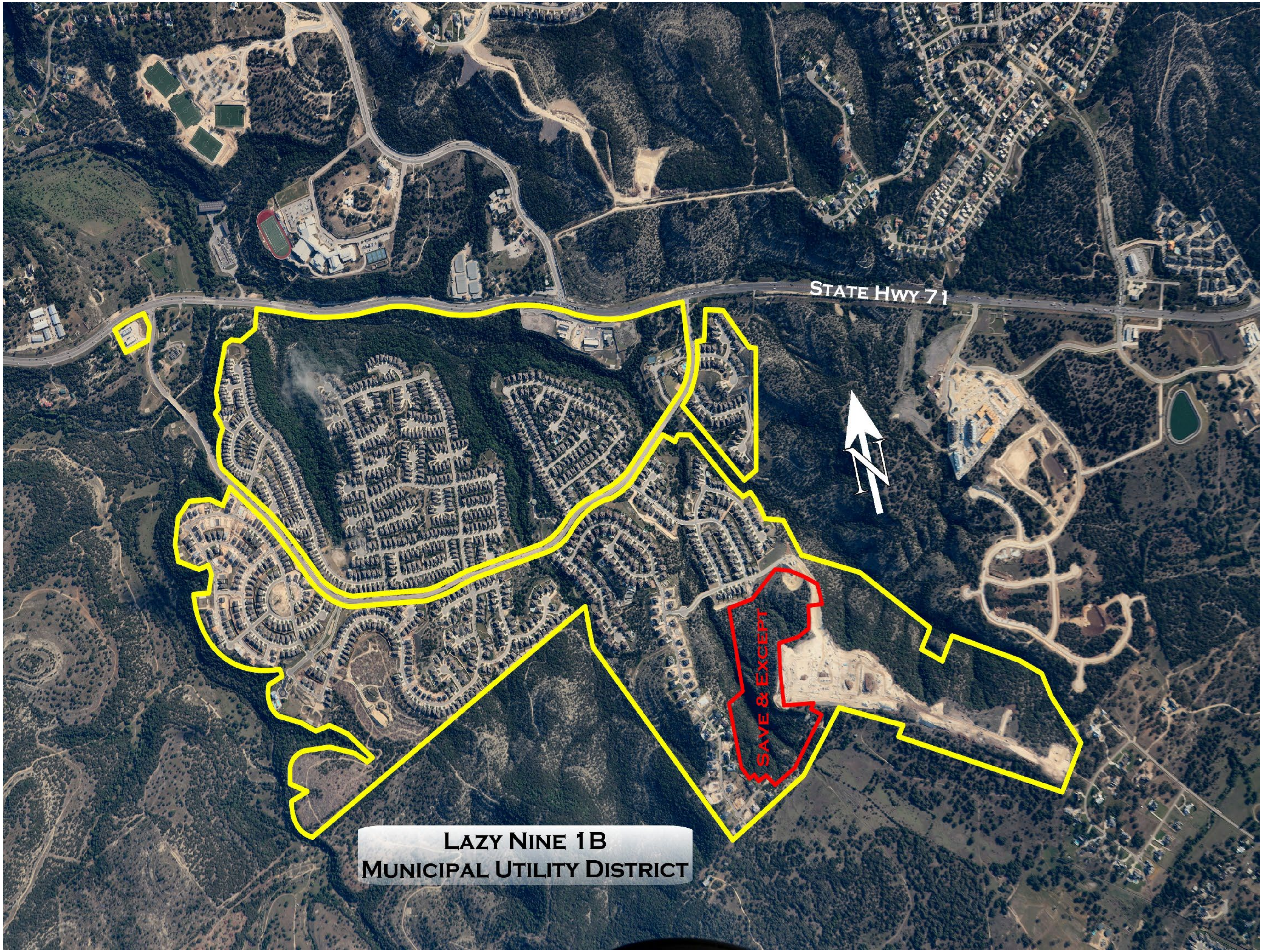
All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not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

/s/ Ms. Sharon Carter
President, Board of Directors

ATTEST:

/s/ Mr. Derrick Jones
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of May 2022)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Municipal Utility District

PHOTOGRAPHS OF THE DISTRICT
(As of May 2022)


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APPENDIX A

Financial Statement of the District for the fiscal year ended September 30, 2021

LAZY NINE MUNICIPAL UTILITY DISTRICT NO. 1B

TRAVIS COUNTY, TEXAS

FINANCIAL REPORT

September 30, 2021

Table of Contents

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Lazy Nine Municipal Utility District No. 1B ("the District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 the assessment of the risks 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

Mark W. McGrath, CPA
mark@mcgrath-co.com

Colette M. Garcia, CPA
colette@mcgrath-co.com

Tayo Ilori, CPA, CFE
tayo@mcgrath-co.com

Crystal V. Horn, CPA
crystal@mcgrath-co.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lazy Nine Municipal Utility District No. 1B, as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary 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. The information has been subjected to the auditing procedures applied to 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
January 19, 2022

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Lazy Nine Municipal Utility District No. 1B (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at September 30, 2021, was negative $25,466,083. The District's net position is negative because the District incurs debt to construct public roads which it conveys to Travis County. A comparative summary of the District's overall financial position, as of September 30, 2021 and 2020, is as follows:

	2021	2020
Current and other assets	$ 8,633,194	$ 6,434,801
Capital assets	50,049,913	50,190,572
Total assets	58,683,107	56,625,373
Total deferred outflows of resources	223,664	118,586
Current liabilities	3,821,434	3,198,431
Long-term liabilities	80,551,420	77,318,715
Total liabilities	84,372,854	80,517,146
Net position		
Net investment in capital assets	(14,988,469)	(12,462,612)
Restricted	1,998,473	1,374,750
Unrestricted	(12,476,087)	(12,685,325)
Total net position	$ (25,466,083)	$ (23,773,187)

The total net position of the District decreased during the current fiscal year by $1,692,896. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2021	2020
Revenues		
Water and sewer service	$ 1,944,151	$ 1,718,636
Property taxes, penalties and interest	4,542,620	3,816,502
Tap connection and inspection	1,243,325	1,257,960
Other	3,342	50,929
Total revenues	7,733,438	6,844,027
Expenses		
District operations	2,129,466	1,973,998
Joint facilities operations	1,380,867	1,283,018
Debt interest and fees	1,736,922	1,712,593
Developer interest	873,477	452,585
Debt issuance costs	1,235,153	1,062,744
Depreciation and amortization	1,442,422	1,413,494
Total expenses	8,798,307	7,898,432
Change in net position before other items	(1,064,869)	(1,054,405)
Other items		
Change in estimate of due to developer		541,107
Transfers to other governments	(628,027)	
Change in net position	(1,692,896)	(513,298)
Net position, beginning of year	(23,773,187)	(23,259,889)
Net position, end of year	$ (25,466,083)	$ (23,773,187)

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2021, were $7,014,695, which consists of $3,784,248 in the General Fund, $2,091,739 in the Debt Service Fund, and $1,138,708 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 5,359,689	$ 4,547,101
Total liabilities	$ 1,566,316	$ 1,308,984
Total deferred inflows	9,125	6,415
Total fund balance	3,784,248	3,231,702
Total liabilities, deferred inflows and fund balance	$ 5,359,689	$ 4,547,101

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

	2021	2020
Total revenues	$ 4,191,866	$ 3,950,118
Total expenditures	(3,639,320)	(3,393,165)
Revenues over expenditures	$ 552,546	$ 556,953

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance and operations component of the levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 2,134,797	$ 1,506,675
Total liabilities	$ -	$ 8,226
Total deferred inflows	43,058	27,540
Total fund balance	2,091,739	1,470,909
Total liabilities, deferred inflows and fund balance	$ 2,134,797	$ 1,506,675

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

	2021	2020
Total revenues	$ 3,523,116	$ 2,873,091
Total expenditures	(3,421,218)	(3,023,614)
Revenues over/(under) expenditures	101,898	(150,523)
Other changes in fund balance	518,932	478,073
Net change in fund balance	$ 620,830	$ 327,550

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

During the current year, the District issued $4,470,000 in refunding bonds to refund $4,290,000 of its outstanding Series 2014 bonds and save $870,796 in future debt service payments. In the prior year, the District issued refunding bonds in the amount of $4,575,000 to refund $4,525,000 of outstanding Series 2013 bonds and save $857,407 in future debt service payments.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of September 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 1,138,708	$ 381,025
Total fund balance	$ 1,138,708	$ 381,025

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

	2021	2020
Total revenues	$ 228	$ 3,822
Total expenditures	(12,903,720)	(10,442,983)
Revenues under expenditures	(12,903,492)	(10,439,161)
Other changes in fund balance	13,661,175	10,128,462
Net change in fund balance	$ 757,683	$ (310,699)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2020 Bond Anticipation Note and Series 2021A Unlimited Tax Bonds in the current year and issuance of its Series 2019 Bond Anticipation Note and Series 2020A Unlimited Tax Bonds in the prior year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $549,036 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at September 30, 2021 and 2020 are summarized as follows:

	2021	2020
Capital assets not being depreciated		
Land and improvements	$ 1,945,862	$ 1,945,862
Capital assets being depreciated/amortized		
Infrastructure	28,655,199	27,353,436
Investment in regional facilities	15,429,892	15,429,892
Impact fees	10,709,526	10,709,526
Right-to-use lease - wastewater treatment plant	705,864	705,864
	55,500,481	54,198,718
Less accumulated depreciation/amortization		
Infrastructure	(3,238,800)	(2,602,018)
Investment in regional facilities	(2,818,628)	(2,475,742)
Impact fees	(856,661)	(535,080)
Right-to-use lease - wastewater treatment plant	(482,341)	(341,168)
	(7,396,430)	(5,954,008)
Depreciable capital assets, net	48,104,051	48,244,710
Capital assets, net	$ 50,049,913	$ 50,190,572

Capital asset additions during the current year include utilities to serve Sweetwater Village Section 2 – Village Z3.

Travis County assumes responsibility for public road facilities constructed within the county. Consequently, these projects are not recorded as capital assets on the District's financial statements, but are recorded as transfers to other governments upon completion of construction. For the year ended September 30, 2021, capital assets in the amount of $628,027 have been completed and recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Lease Obligations

The District and Lazy Nine Municipal Utility District 1A (MUD 1A) have entered into Joint Facilities Agreement (see Note 13) to provide for the financing and operation of certain joint facilities. On June 21, 2017, MUD 1A entered a 60-month lease for a temporary wastewater treatment plant. Pursuant to the Joint Facilities Agreement, the District has certain rights and responsibilities related to the lease. The District paid $152,625 pursuant to this lease during the year. The balance due under the lease as of September 30, 2021, was $225,356. Additional information regarding this lease is presented in Note 11.

Long-Term Debt and Related Liabilities

As of September 30, 2021, the District owes approximately $15,980,513 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $8,826,789 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

At September 30, 2021 and 2020, the District had total bonded debt outstanding as shown below:

Series	2021	2020
2013	$ -	$ 140,000
2014	120,000	4,525,000
2015	4,020,000	4,130,000
2016	5,940,000	6,205,000
2016A Road	3,560,000	3,720,000
2017 Road	2,370,000	2,475,000
2017A	2,970,000	3,105,000
2018	5,530,000	5,770,000
2019	8,640,000	9,000,000
2020 Refunding	4,575,000	4,575,000
2020A	10,340,000	10,340,000
2021 Refunding	4,470,000	
2021A	14,000,000	
	$ 66,535,000	$ 53,985,000

During the current year, the District issued $14,000,000 in unlimited tax bonds and $4,470,000 in unlimited tax refunding bonds. At September 30, 2021, the District had $150,967,435 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $36,925,000 for parks and recreational facilities and the refunding of such bonds; and $24,925,000 for road improvements and the refunding of such bonds.

During the current year, the District issued a $7,000,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District repaid the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

Next Year's Budget

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

	2021 Actual	2022 Budget
Total revenues	$ 4,191,866	$ 4,629,259
Total expenditures	(3,639,320)	(4,533,713)
Revenues over expenditures	552,546	95,546
Beginning fund balance	3,231,702	3,784,248
Ending fund balance	$ 3,784,248	$ 3,879,794

Property Taxes

The District's property tax base increased approximately $120,484,000 for the 2021 tax year from $446,189,290 to $566,673,380. This increase was primarily due to new construction in the District and increased property values. For the 2021 tax year, the District has levied a maintenance tax rate of $0.245 per $100 of assessed value; a water, sewer and drainage debt service tax rate of $0.655 per $100 of assessed value; and a road debt service tax rate of $0.085 for a total combined tax rate of $0.985 per $100. Tax rates for the 2020 tax year were $0.22 per $100 for maintenance and operations; $0.675 per $100 for water, sewer and drainage debt service; and $0.115 for road debt service for a combined total of $1.01 per $100 of assessed value.

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Basic Financial Statements

Lazy Nine Municipal Utility District No. 1B
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 297,400	$ -	$ -	$ 297,400
Investments	3,675,095	2,092,832	1,226,586	6,994,513
Taxes receivable	9,125	43,058		52,183
Customer service receivables	662,488			662,488
Internal balances	88,971	(1,093)	(87,878)	
Due from developer	536,384			536,384
Other receivables	77,507			77,507
Prepaid items	12,719			12,719
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 5,359,689	$ 2,134,797	$ 1,138,708	$ 8,633,194
Deferred Outflows of Resources				
Deferred difference on refunding				
Liabilities				
Accounts payable	$ 245,802	$ -	$ -	$ 245,802
Accrued expenses	31,638			31,638
Other payables	10,893			10,893
Customer deposits	324,330			324,330
Unearned revenue	612,175			612,175
Due to other governments	243,606			243,606
Accrued water impact fees	97,872			97,872
Accrued interest payable				
Due to developers				
Lease obligations				
Due within one year				
Due after one year				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	1,566,316			1,566,316
Deferred Inflows of Resources				
Deferred property taxes	9,125	43,058		52,183
Fund Balances/Net Position				
Fund Balances				
Nonspendable	12,719			12,719
Restricted		2,091,739	1,138,708	3,230,447
Unassigned	3,771,529			3,771,529
Total Fund Balances	3,784,248	2,091,739	1,138,708	7,014,695
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,359,689	$ 2,134,797	$ 1,138,708	$ 8,633,194
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 297,400
	6,994,513
	52,183
	662,488
	536,384
	77,507
	12,719
1,945,862	1,945,862
48,104,051	48,104,051
50,049,913	58,683,107
223,664	223,664
	245,802
	31,638
	10,893
	324,330
	612,175
	243,606
	97,872
136,324	136,324
15,980,513	15,980,513
138,794	138,794
86,562	86,562
1,980,000	1,980,000
64,484,345	64,484,345
82,806,538	84,372,854
(52,183)	
(12,719)	
(3,230,447)	
(3,771,529)	
(7,014,695)	
(14,988,469)	(14,988,469)
1,998,473	1,998,473
(12,476,087)	(12,476,087)
$ (25,466,083)	$ (25,466,083)

Lazy Nine Municipal Utility District No. 1B
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	$ 1,572,687	$ -	$ -	$ 1,572,687
Sewer service	371,464			371,464
Property taxes	978,906	3,514,781		4,493,687
Penalties and interest	23,673	7,032		30,705
Tap connection and inspection	1,243,325			1,243,325
Investment earnings	1,811	1,303	228	3,342
Total Revenues	4,191,866	3,523,116	228	7,715,210
Expenditures/Expenses				
Current service operations				
District facilities				
Professional fees	246,766			246,766
Contracted services	1,151,716	16,138		1,167,854
Repairs and maintenance	636,284			636,284
Administrative	61,394			61,394
Other	9,668	7,500		17,168
Joint facilities				
Purchased services	810,111			810,111
Professional fees	24,833			24,833
Contracted services	161,665			161,665
Repairs and maintenance	281,316			281,316
Utilities	64,584			64,584
Water reservation fees	21,175			21,175
Administrative	15,963			15,963
Other	1,220			1,220
Capital outlay			10,876,994	10,876,994
Debt service				
Principal		1,630,000		1,630,000
Interest and fiscal fees		1,663,146	22,530	1,685,676
Developer interest			873,477	873,477
Debt issuance costs		104,434	1,130,719	1,235,153
Lease - principal	127,522			127,522
Lease - interest	25,103			25,103
Depreciation/amortization				
Total Expenditures/Expenses	3,639,320	3,421,218	12,903,720	19,964,258
Revenues Over/(Under) Expenditures/Expenses	552,546	101,898	(12,903,492)	(12,249,048)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		338,825	13,661,175	14,000,000
Proceeds from sale of refunding bonds		4,470,000		4,470,000
Bond anticipation note proceeds			7,000,000	7,000,000
Repayment of bond anticipation note			(7,000,000)	(7,000,000)
Payment to refunded bond escrow agent		(4,289,893)		(4,289,893)
Other Items				
Transfers to other governments				
Net Change in Fund Balances	552,546	620,830	757,683	1,931,059
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	3,231,702	1,470,909	381,025	5,083,636
End of the year	$ 3,784,248	$ 2,091,739	$ 1,138,708	$ 7,014,695

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 1,572,687
	371,464
12,824	4,506,511
5,404	36,109
	1,243,325
	3,342
18,228	7,733,438
	246,766
	1,167,854
	636,284
	61,394
	17,168
	810,111
	24,833
	161,665
	281,316
	64,584
	21,175
	15,963
	1,220
(10,876,994)	
(1,630,000)	
26,143	1,711,819
	873,477
	1,235,153
(127,522)	
	25,103
1,442,422	1,442,422
(11,165,951)	8,798,307
11,184,179	(1,064,869)
(14,000,000)	
(4,470,000)	
(7,000,000)	
7,000,000	
4,289,893	
(628,027)	(628,027)
(1,931,059)	
(1,692,896)	(1,692,896)
(28,856,823)	(23,773,187)
$ (32,480,778)	$ (25,466,083)

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Note 1 – Summary of Significant Accounting Policies

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

Creation

Lazy Nine Municipal Utility District was created by a special act of the 78th Legislature of the State of Texas, Regular Session, H.B. No. 3565 (2003) on September 1, 2003, in accordance with Article XVI, Section 59 of the Texas Constitution and operates in accordance with the Texas Water Code, Chapters 49 and 54. On November 6, 2007, voters of Lazy Nine Municipal Utility District approved a proposition dividing the existing Lazy Nine Municipal Utility District into five districts: the District, Lazy Nine Municipal Utility District No. 1A ("MUD 1A"), Lazy Nine Municipal Utility District No. 1C ("MUD 1C"), Lazy Nine Municipal Utility District No. 1D ("MUD 1D") and Lazy Nine Municipal Utility District No. 1E ("MUD 1E"). The land within MUD 1E was sold and is no longer part of the development. In 2012, a new development plan was implemented and the boundaries of the remaining districts were altered so that the District and MUD 1A are two roughly equivalent adjacent districts; and MUD 1C and MUD 1D are small dormant districts with no active development.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At September 30, 2021, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

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

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Infrastructure	30-45 years
Interest in joint facilities	45 years
Impact fees	40 years
Right-to-use lease	5 years

The District's detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 7,014,695
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 57,446,343	
Less accumulated depreciation/amortization	(7,396,430)	
Change due to capital assets		50,049,913
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		223,664
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(66,464,345)	
Interest payable on bonds	(136,324)	
Change due to long-term debt		(66,600,669)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(15,980,513)
Obligations under leases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(225,356)
Property taxes and related penalties and interest receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		52,183
Total net position - governmental activities		$ (25,466,083)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

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

Net change in fund balances - total governmental funds		$ 1,931,059
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		18,228
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 10,876,994	
Depreciation/amortization expense	(1,442,422)	
		9,434,572
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(18,470,000)	
Issuance of bond anticipation note	(7,000,000)	
Repayment of bond anticipation note	7,000,000	
Payment to refunded bond escrow agent	4,289,893	
Principal payments	1,630,000	
Interest expense accrual	(26,143)	
		(12,576,250)
Governmental funds report the principal portion of lease payments as expenditures in the funds; however, in the *Statement of Net Position,* these payments are recorded as a reduction to the long-term lease liability.		127,522
The District conveys public roads to Travis County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.		(628,027)
Change in net position of governmental activities		$ (1,692,896)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

As of September 30, 2021, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 3,675,095		
	Debt Service	2,092,832		
	Capital Projects	1,226,586		
		$ 6,994,513	AAAm	37 days

Note 3 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at September 30, 2021, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 581	Maintenance tax collections not remitted as of year end
General Fund	Debt Service Fund	512	Tax appraisal fees paid by the General Fund
General Fund	Capital Projects Fund	87,878	Bond application fees paid by the General Fund

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended September 30, 2021, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 1,945,862	$ -	$ 1,945,862
Capital assets being depreciated/amortized			
Infrastructure	27,353,436	1,301,763	28,655,199
Interest in joint facilities	15,429,892		15,429,892
Impact fees	10,709,526		10,709,526
Right-to-use lease - wastewater treatment plant	705,864		705,864
	54,198,718	1,301,763	55,500,481
Less accumulated depreciation/amortization			
Infrastructure	(2,602,018)	(636,782)	(3,238,800)
Interest in joint facilities	(2,475,742)	(342,886)	(2,818,628)
Impact fees	(535,080)	(321,581)	(856,661)
Right-to-use lease - wastewater treatment plant	(341,168)	(141,173)	(482,341)
	(5,954,008)	(1,442,422)	(7,396,430)
Subtotal depreciable capital assets, net	48,244,710	(140,659)	48,104,051
Capital assets, net	$ 50,190,572	$ (140,659)	$ 50,049,913

Depreciation/amortization expense for the current year was $1,442,422.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

On December 23, 2020, the District issued a $7,000,000 BAN with an interest rate of 0.44%, which is due on December 22, 2021. The district paid this BAN on September 16, 2021 with proceeds from the issuance of its Series 2021A Unlimited Tax Bonds.

Note 7 – Due to Developers

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

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

Due to developers, beginning of year	$ 24,927,717
Developer reimbursements	(10,876,994)
Developer construction and adjustments	1,929,790
Due to developers, end of year	$ 15,980,513

In addition, the District will owe the developers approximately $8,826,789, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Sweetwater Ranch Sec. 2, Villages C&D - utilities	$ 4,799,994	$ -	$ 4,799,994
Sweetwater Ranch Sec. 2, Villages C&D - booster pump station and storage tank	4,026,795		4,026,795
	$ 8,826,789	$ -	$ 8,826,789

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 66,535,000
Unamortized discounts	(265,751)
Unamortized premium	195,096
	$ 66,464,345
Due within one year	$ 1,980,000

Note 8 – Long-Term Debt (continued)

The District's bonds payable at September 30, 2021, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014	$ 120,000	$ 5,000,000	2.00% - 5.00%	September 1, 2016 - 2041	March 1, September 1	September 1, 2021
2015	4,020,000	4,520,000	2.50% - 4.00%	September 1, 2017 - 2042	March 1, September 1	September 1, 2022
2016	5,940,000	7,000,000	2.00% - 3.00%	September 1, 2018 - 2043	March 1, September 1	September 1, 2023
2016A Road	3,560,000	4,200,000	2.00% - 4.00%	September 1, 2018 - 2043	March 1, September 1	September 1, 2023
2017 Road	2,370,000	2,685,000	2.00% - 3.75%	September 1, 2019 - 2043	March 1, September 1	September 1, 2024
2017A	2,970,000	3,500,000	2.00% - 3.50%	September 1, 2018 - 2043	March 1, September 1	September 1, 2024
2018	5,530,000	6,250,000	3.00% - 4.00%	September 1, 2019 - 2044	March 1, September 1	September 1, 2023
2019	8,640,000	9,000,000	2.00% - 3.00%	September 1, 2019 - 2045	March 1, September 1	September 1, 2024
2020 Refunding	4,575,000	4,575,000	3.00% - 5.00%	March 1, 2022 - 2040	March 1, September 1	March 1, 2026
2020A	10,340,000	10,340,000	2.00% - 2.125%	March 1, 2022 - 2045	March 1, September 1	March 1, 2025
2021 Refunding	4,470,000	4,470,000	2.00% - 3.00%	March 1, 2022 - 2041	March 1, September 1	March 1, 2027
2021A	14,000,000	14,000,000	2.00% - 4.00%	March 1, 2023 - 2048	March 1, September 1	March 1, 2027
	$ 66,535,000					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

Note 8 – Long-Term Debt (continued)

At September 30, 2021, the District had authorized but unissued bonds in the amount of $150,967,435 for water, sewer and drainage facilities and the refunding of such bonds; $36,925,000 for park and recreational facilities and the refunding of such bonds; and $24,925,000 for road improvements and the refunding of such bonds.

On June 4, 2021, the District issued its $4,470,000 Series 2021 Unlimited Tax Refunding Bonds at a net effective interest rate of 2.242384% to refund $4,290,000 of outstanding Series 2014 bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $870,796 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $640,805. Proceeds of the bonds were placed in an escrow account with an escrow agent and irrevocably pledged to the payment of future debt service payments through September 1, 2021, the redemption date of the bonds. As of September 30, 2021, the bonds have all been redeemed and are no longer outstanding.

On September 16, 2021, the District issued its $14,000,000 Series 2021A Unlimited Tax Bonds at a net effective interest rate of 2.382433%. Proceeds of the bonds were used to (1) reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds; (2) to repay a $7,000,000 BAN issued in the current fiscal year; and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$	53,985,000
Bonds issued		18,470,000
Bonds retired		(1,630,000)
Bonds refunded		(4,290,000)
Bonds payable, end of year	$	66,535,000

Note 8 – Long-Term Debt (continued)

As of September 30, 2021, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2022	$ 1,980,000	$ 1,847,201	$ 3,827,201
2023	2,385,000	1,793,245	4,178,245
2024	2,430,000	1,718,944	4,148,944
2025	2,485,000	1,645,445	4,130,445
2026	2,525,000	1,571,770	4,096,770
2027	2,580,000	1,495,720	4,075,720
2028	2,630,000	1,421,771	4,051,771
2029	2,675,000	1,349,840	4,024,840
2030	2,725,000	1,272,526	3,997,526
2031	2,780,000	1,196,876	3,976,876
2032	2,825,000	1,122,657	3,947,657
2033	2,880,000	1,046,472	3,926,472
2034	2,930,000	968,415	3,898,415
2035	2,985,000	888,570	3,873,570
2036	3,045,000	806,006	3,851,006
2037	3,095,000	721,417	3,816,417
2038	3,165,000	633,819	3,798,819
2039	3,230,000	543,253	3,773,253
2040	3,280,000	449,694	3,729,694
2041	3,055,000	359,250	3,414,250
2042	2,765,000	275,026	3,040,026
2043	2,505,000	193,466	2,698,466
2044	1,840,000	122,941	1,962,941
2045	1,620,000	75,375	1,695,375
2046	690,000	42,156	732,156
2047	705,000	25,591	730,591
2048	725,000	8,610	733,610
	$ 66,535,000	$ 23,596,056	$ 90,131,056

Note 9 – Property Taxes

On May 12, 2012, the voters of the District authorized the Board to levy an unlimited tax for all facilities authorized under Article XVI, Section 59 of the Texas Constitution and an operations tax limited to $1.20 per $100 of assessed value. On November 6, 2012, the voters of the District authorized the Board to levy an unlimited tax for road facilities and a tax for use in operating and maintaining roads limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 9 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2021 fiscal year was financed through the 2020 tax levy, pursuant to which the District levied property taxes of $1.01 per $100 of assessed value, of which $0.22 was allocated to maintenance and operations; $0.675 was allocated to water, sewer, and drainage debt service; and $0.115 was allocated to road debt service. The resulting tax levy was $4,506,513 on the adjusted taxable value of $446,189,290.

Property taxes receivable, at September 30, 2021, consisted of the following:

Current year taxes receivable	$	15,627
Prior years taxes receivable		23,659
		39,286
Penalty and interest receivable		12,897
Property taxes receivable	$	52,183

Note 10 – Transfers to Other Governments

Travis County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Accordingly, these facilities are considered to be capital assets of Travis County, not the District. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended September 30, 2021, the District recorded transfers to other governments in the amount of $628,027 for road facilities constructed by a developer within the District.

Note 11 – Lease Agreement

On June 21, 2017, MUD 1A entered into a lease agreement for a temporary wastewater treatment plant. This lease is for a 60 month term, unless otherwise terminated. MUD 1A has the option to extend the lease on a month to month basis following expiration of the term. MUD 1A is responsible for all ordinary expenses related to repairing and maintaining the equipment. The District's rights and responsibilities related to this lease agreement are shared with MUD 1A per the Joint Facilities Agreement described in Note 14. Monthly payments for the lease are $18,500, which is allocated to the District and MUD 1A pursuant to the Joint Facilities Agreement. The District's pro rata share of the monthly payment is $12,719.

Note 11 – Lease Agreement (continued)

The District has recognized an intangible asset for the right-to-use the underlying leased asset in the amount of $705,864, which is based on the measurement of the associated lease liability of $619,927 plus direct costs of $85,937 paid prior to the commencement of the lease. The initial lease liability is measured at the present value of future lease payments using the implicit rate of 8.5%. This long-term liability is reduced as the lease is paid. During the current fiscal year, the District paid $152,625 for its pro rata share of lease payments, which included $25,103 of interest at the implicit rate stated in the agreement.

The District's pro rata share of future minimum leases payments as of September 30, 2021 for this lease is as follows:

Year	Principal	Interest	Amount
2022	$ 138,794	$ 13,831	$ 152,625
2023	86,562	2,470	89,032
	$ 225,356	$ 16,301	$ 241,657
Due within one year	$ 138,794	$ 13,831	$ 152,625

Standard lease terms require payment of the first and last month's lease payment upon execution of the lease. The District's share of the last month's lease payment is recorded as a prepaid item on the *Statement of Net Position*.

Note 12 – Water Utility Facilities Acquisition, Construction and Service Agreement

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

Note 13 – Raw Water Supply Agreement with Lower Colorado River Authority

Effective February 16, 2009, as amended on March 4, 2019, MUD 1A entered into a Firm Water Contract with the LCRA for raw water supply from any source available to the LCRA. The term of the agreement is for 40 years. MUD 1A's rights and responsibilities pursuant to this Firm Water Contract are shared with the District per the Joint Facilities Agreement described in Note 14.

Note 13 – Raw Water Supply Agreement with Lower Colorado River Authority (continued)

The District and MUD 1A are entitled to a maximum annual quantity of 973.81 acre feet of raw water and is required to pay for this water, regardless of whether the District uses any of the water. For the year ended September 30, 2021, the District paid $21,175 in water reservation fees in accordance with this agreement.

Note 14 – Joint Facilities Agreement

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

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

The Joint Facilities Agreement was amended on January 21, 2015 and April 15, 2015. As a result of the amendments, the District's pro-rata share increased from 49% to 68.75% (based on 1,650 projected ultimate connections in the District and 750 projected ultimate connections for MUD 1A).

Note 15 – Risk Management

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

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Required Supplementary Information

Lazy Nine Municipal Utility District No. 1B
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 1,414,153	$ 1,572,687	$ 158,534
Sewer service	331,928	371,464	39,536
Property taxes	956,584	978,906	22,322
Penalties and interest	34,922	23,673	(11,249)
Tap connection and inspection	1,213,500	1,243,325	29,825
Investment earnings		1,811	1,811
Total Revenues	3,951,087	4,191,866	240,779
Expenditures			
Current service operations			
District facilities			
Professional fees	350,000	246,766	103,234
Contracted services	696,051	1,151,716	(455,665)
Repairs and maintenance	1,171,241	636,284	534,957
Administrative	36,879	61,394	(24,515)
Other	34,000	9,668	24,332
Joint facilities			
Purchased services	786,834	810,111	(23,277)
Professional fees	74,354	24,833	49,521
Contracted services	122,237	161,665	(39,428)
Repairs and maintenance	270,656	281,316	(10,660)
Utilities	67,418	64,584	2,834
Water reservation fees	27,500	21,175	6,325
Administrative		15,963	(15,963)
Other	1,719	1,220	499
Capital outlay	156,063		156,063
Debt service			
Lease - principal	127,522	127,522	
Lease - interest	25,103	25,103	
Total Expenditures	3,947,577	3,639,320	308,257
Revenues Over Expenditures	3,510	552,546	549,036
Fund Balance			
Beginning of the year	3,231,702	3,231,702	
End of the year	$ 3,235,212	$ 3,784,248	$ 549,036

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Lazy Nine Municipal Utility District No. 1B
TSI-1. Services and Rates
September 30, 2021

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

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

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

[ ] Other (Specify): ______

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	$ 53.00	-0-	N	$ 4.56	-0- to 10,000
				$ 6.84	10,001 to 20,000
				$ 10.94	20,001 to 30,000
				$ 14.58	30,001 to 40,000
				$ 18.23	40,001 to no limit
Wastewater:	$ 4.56	-0-	N	$ 4.56	-0- to no limit

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

Total charges per 10,000 gallons usage: Water $ 98.60 Wastewater $ 45.60

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,154	1,154	x 1.0	1,154
1"	73	73	x 2.5	183
1.5"	16	16	x 5.0	80
2"	3	3	x 8.0	24
3"	4	4	x 15.0	60
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,250	1,250		1,501
Total Wastewater	1,230	1,230	x 1.0	1,230

See accompanying auditor's report.

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

Gallons purchased:	157,933,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	153,581,000	97.24%

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

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

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

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

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

5. Location of District:

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

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

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

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

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

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

ETJs in which the District is located: City of Lakeway

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

If Yes, by whom? ______

See accompanying auditors' report.

Current service operations - district facilities	
Professional fees	
Legal	$ 123,111
Audit	12,000
Engineering	111,655
	246,766
Contracted services	
Bookkeeping	27,600
Operator	111,890
Security	131,534
Tap connection and inspection	557,886
Garbage	318,312
Appraisal district	4,494
	1,151,716
Repairs and maintenance	636,284
Administrative	
Directors fees	6,150
Insurance	11,870
Other	43,374
	61,394
Other	9,668
Current service operations - joint facilities	
Purchased services	810,111
Professional fees	
Engineering	24,833
Contracted services	
Operating fees	75,159
Sludge hauling	86,506
	161,665
Repairs and maintenance	281,316

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See accompanying auditors' report.

Utilities	$ 64,584
Water reservation fee	21,175
Administrative	15,963
Other	1,220
Debt service	
Leases - principal	127,522
Leases - interest	25,103
	152,625
Total Expenditures	$ 3,639,320

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical (kWh)	695,241 kWh	$ 56,636
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-3. Investments
September 30, 2021

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 3,675,095
Debt Service			
TexPool	Variable	N/A	12,882
TexPool	Variable	N/A	1,546,204
TexPool	Variable	N/A	338,829
TexPool	Variable	N/A	8,335
TexPool	Variable	N/A	186,582
			2,092,832
Capital Projects			
TexPool	Variable	N/A	963
TexPool	Variable	N/A	4,635
TexPool	Variable	N/A	18,288
TexPool	Variable	N/A	16,566
TexPool	Variable	N/A	353,578
TexPool	Variable	N/A	832,556
			1,226,586
Total - All Funds			$ 6,994,513

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-4. Taxes Levied and Receivable
September 30, 2021

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 6,415	$ 15,988	$ 4,058	$ 26,461
2020 Original Tax Levy	759,825	2,331,281	397,181	3,488,287
Adjustments	221,792	680,497	115,937	1,018,226
Adjusted Tax Levy	981,617	3,011,778	513,118	4,506,513
Total to be accounted for	988,032	3,027,766	517,176	4,532,974
Tax collections:				
Current year	978,213	3,001,335	511,338	4,490,886
Prior years	694	1,734	374	2,802
Total Collections	978,907	3,003,069	511,712	4,493,688
Taxes Receivable, End of Year	$ 9,125	$ 24,697	$ 5,464	$ 39,286
Taxes Receivable, By Years				
2020	$ 3,404	$ 10,443	$ 1,780	$ 15,627
2019	2,474	6,184	1,336	9,994
2018	2,137	5,387	1,469	8,993
2017	1,110	2,683	879	4,672
Taxes Receivable, End of Year	$ 9,125	$ 24,697	$ 5,464	$ 39,286

	2020	2019	2018	2017
Property Valuations:				
Land	$ 119,671,869	$ 100,806,430	$ 84,187,148	$ 68,067,016
Improvements	334,140,380	280,206,092	217,484,633	165,301,335
Personal Property	464,175	586,075	497,904	418,636
Exemptions	(8,087,134)	(6,082,301)	(4,326,437)	(3,234,833)
Total Property Valuations	$ 446,189,290	$ 375,516,296	$ 297,843,248	$ 230,552,154
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.220	$ 0.250	$ 0.240	$ 0.24
Debt service tax rates	0.675	0.625	0.605	0.58
Road debt service tax rates	0.115	0.135	0.165	0.19
Total Tax Rates per $100 Valuation	$ 1.010	$ 1.010	$ 1.010	$ 1.01
Adjusted Tax Levy:	$ 4,506,513	$ 3,792,715	$ 3,008,217	$ 2,328,577
Percentage of Taxes Collected to Taxes Levied **	99.65%	99.74%	99.70%	99.80%

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

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

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 120,000	$ 3,300	$ 123,300

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 115,000	$ 138,256	$ 253,256
2023	120,000	135,381	255,381
2024	125,000	132,381	257,381
2025	135,000	129,256	264,256
2026	140,000	125,206	265,206
2027	145,000	121,006	266,006
2028	155,000	116,656	271,656
2029	160,000	112,006	272,006
2030	170,000	107,006	277,006
2031	175,000	101,694	276,694
2032	185,000	96,006	281,006
2033	195,000	89,994	284,994
2034	200,000	83,414	283,414
2035	210,000	76,664	286,664
2036	220,000	69,313	289,313
2037	230,000	61,612	291,612
2038	245,000	52,988	297,988
2039	255,000	43,800	298,800
2040	265,000	33,600	298,600
2041	280,000	23,000	303,000
2042	295,000	11,800	306,800
	$ 4,020,000	$ 1,861,039	$ 5,881,039

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 265,000	$ 149,381	$ 414,381
2023	265,000	144,081	409,081
2024	265,000	138,781	403,781
2025	265,000	133,481	398,481
2026	265,000	128,181	393,181
2027	265,000	122,882	387,882
2028	265,000	117,582	382,582
2029	265,000	111,951	376,951
2030	265,000	105,988	370,988
2031	265,000	100,025	365,025
2032	265,000	93,400	358,400
2033	265,000	86,775	351,775
2034	265,000	80,150	345,150
2035	265,000	73,525	338,525
2036	265,000	66,237	331,237
2037	265,000	58,950	323,950
2038	265,000	51,000	316,000
2039	265,000	43,050	308,050
2040	270,000	35,100	305,100
2041	300,000	27,000	327,000
2042	300,000	18,000	318,000
2043	300,000	9,000	309,000
	$ 5,940,000	$ 1,894,520	$ 7,834,520

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2016A Road--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 160,000	$ 137,600	$ 297,600
2023	160,000	132,800	292,800
2024	160,000	128,000	288,000
2025	160,000	123,200	283,200
2026	160,000	116,800	276,800
2027	160,000	110,400	270,400
2028	160,000	104,000	264,000
2029	160,000	97,600	257,600
2030	160,000	91,200	251,200
2031	160,000	84,800	244,800
2032	160,000	78,400	238,400
2033	160,000	72,000	232,000
2034	160,000	65,600	225,600
2035	160,000	59,200	219,200
2036	165,000	52,800	217,800
2037	165,000	46,200	211,200
2038	165,000	39,600	204,600
2039	165,000	33,000	198,000
2040	165,000	26,400	191,400
2041	165,000	19,800	184,800
2042	165,000	13,200	178,200
2043	165,000	6,600	171,600
	$ 3,560,000	$ 1,639,200	$ 5,199,200

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 105,000	$ 75,094	$ 180,094
2023	105,000	71,944	176,944
2024	105,000	69,844	174,844
2025	105,000	67,744	172,744
2026	105,000	65,119	170,119
2027	105,000	62,494	167,494
2028	105,000	59,344	164,344
2029	105,000	56,194	161,194
2030	105,000	53,044	158,044
2031	105,000	49,894	154,894
2032	110,000	46,613	156,613
2033	110,000	43,175	153,175
2034	110,000	39,600	149,600
2035	110,000	36,025	146,025
2036	110,000	32,175	142,175
2037	110,000	28,325	138,325
2038	110,000	24,475	134,475
2039	110,000	20,625	130,625
2040	110,000	16,500	126,500
2041	110,000	12,375	122,375
2042	110,000	8,250	118,250
2043	110,000	4,125	114,125
	$ 2,370,000	$ 942,978	$ 3,312,978

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2017A--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 135,000	$ 94,500	$ 229,500
2023	135,000	90,450	225,450
2024	135,000	86,400	221,400
2025	135,000	82,350	217,350
2026	135,000	78,975	213,975
2027	135,000	74,925	209,925
2028	135,000	70,875	205,875
2029	135,000	66,825	201,825
2030	135,000	62,775	197,775
2031	135,000	58,725	193,725
2032	135,000	54,675	189,675
2033	135,000	50,456	185,456
2034	135,000	46,238	181,238
2035	135,000	41,850	176,850
2036	135,000	37,463	172,463
2037	135,000	32,906	167,906
2038	135,000	28,350	163,350
2039	135,000	23,625	158,625
2040	135,000	18,900	153,900
2041	135,000	14,175	149,175
2042	135,000	9,450	144,450
2043	135,000	4,725	139,725
	$ 2,970,000	$ 1,129,613	$ 4,099,613

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 240,000	$ 189,363	$ 429,363
2023	240,000	179,763	419,763
2024	240,000	170,163	410,163
2025	240,000	162,963	402,963
2026	240,000	155,763	395,763
2027	240,000	148,563	388,563
2028	240,000	141,363	381,363
2029	240,000	134,163	374,163
2030	240,000	126,663	366,663
2031	240,000	118,863	358,863
2032	240,000	111,063	351,063
2033	240,000	102,963	342,963
2034	240,000	94,863	334,863
2035	240,000	86,463	326,463
2036	240,000	78,063	318,063
2037	240,000	69,663	309,663
2038	240,000	61,263	301,263
2039	240,000	52,563	292,563
2040	240,000	43,863	283,863
2041	240,000	35,163	275,163
2042	240,000	26,463	266,463
2043	240,000	17,763	257,763
2044	250,000	9,063	259,063
	$ 5,530,000	$ 2,316,849	$ 7,846,849

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2022	$ 360,000	$ 245,250	$ 605,250
2023	360,000	234,450	594,450
2024	360,000	223,650	583,650
2025	360,000	212,850	572,850
2026	360,000	205,650	565,650
2027	360,000	198,450	558,450
2028	360,000	191,250	551,250
2029	360,000	183,600	543,600
2030	360,000	172,800	532,800
2031	360,000	162,000	522,000
2032	360,000	151,200	511,200
2033	360,000	140,400	500,400
2034	360,000	129,600	489,600
2035	360,000	118,800	478,800
2036	360,000	108,000	468,000
2037	360,000	97,200	457,200
2038	360,000	86,400	446,400
2039	360,000	75,600	435,600
2040	360,000	64,800	424,800
2041	360,000	54,000	414,000
2042	360,000	43,200	403,200
2043	360,000	32,400	392,400
2044	360,000	21,600	381,600
2045	360,000	10,800	370,800
	$ 8,640,000	$ 3,163,950	$ 11,803,950

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2020 Refunding --by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 155,000	$ 172,644	$ 327,644
2023	160,000	164,769	324,769
2024	170,000	156,519	326,519
2025	180,000	147,769	327,769
2026	190,000	138,519	328,519
2027	205,000	128,644	333,644
2028	215,000	118,144	333,144
2029	225,000	107,144	332,144
2030	240,000	95,519	335,519
2031	245,000	85,844	330,844
2032	250,000	78,419	328,419
2033	265,000	70,528	335,528
2034	270,000	62,169	332,169
2035	280,000	53,575	333,575
2036	290,000	44,668	334,668
2037	295,000	35,343	330,343
2038	305,000	25,593	330,593
2039	315,000	15,518	330,518
2040	320,000	5,200	325,200
	$ 4,575,000	$ 1,706,528	$ 6,281,528

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2020A--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 305,000	$ 208,488	$ 513,488
2023	310,000	202,338	512,338
2024	320,000	196,038	516,038
2025	330,000	189,538	519,538
2026	340,000	182,838	522,838
2027	350,000	175,938	525,938
2028	360,000	168,838	528,838
2029	370,000	161,538	531,538
2030	380,000	154,037	534,037
2031	395,000	146,287	541,287
2032	405,000	138,287	543,287
2033	415,000	130,087	545,087
2034	430,000	121,637	551,637
2035	440,000	112,937	552,937
2036	455,000	103,987	558,987
2037	465,000	94,787	559,787
2038	480,000	85,337	565,337
2039	495,000	75,278	570,278
2040	510,000	64,600	574,600
2041	525,000	53,603	578,603
2042	540,000	42,288	582,288
2043	555,000	30,653	585,653
2044	575,000	18,647	593,647
2045	590,000	6,269	596,269
	$ 10,340,000	$ 2,864,275	$ 13,204,275

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 20,000	$ 108,618	$ 128,618
2023	145,000	106,144	251,144
2024	155,000	101,643	256,643
2025	170,000	96,769	266,769
2026	175,000	91,594	266,594
2027	185,000	86,193	271,193
2028	195,000	80,494	275,494
2029	205,000	74,494	279,494
2030	210,000	68,269	278,269
2031	225,000	62,869	287,869
2032	230,000	58,319	288,319
2033	240,000	53,619	293,619
2034	250,000	48,719	298,719
2035	260,000	43,456	303,456
2036	270,000	37,825	307,825
2037	280,000	31,806	311,806
2038	295,000	25,338	320,338
2039	310,000	18,531	328,531
2040	315,000	11,500	326,500
2041	335,000	3,978	338,978
	$ 4,470,000	$ 1,210,178	$ 5,680,178

See accompanying auditors’ report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
Series 2021A--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ -	$ 324,707	$ 324,707
2023	385,000	331,125	716,125
2024	395,000	315,525	710,525
2025	405,000	299,525	704,525
2026	415,000	283,125	698,125
2027	430,000	266,225	696,225
2028	440,000	253,225	693,225
2029	450,000	244,325	694,325
2030	460,000	235,225	695,225
2031	475,000	225,875	700,875
2032	485,000	216,275	701,275
2033	495,000	206,475	701,475
2034	510,000	196,425	706,425
2035	525,000	186,075	711,075
2036	535,000	175,475	710,475
2037	550,000	164,625	714,625
2038	565,000	153,475	718,475
2039	580,000	141,663	721,663
2040	590,000	129,231	719,231
2041	605,000	116,156	721,156
2042	620,000	102,375	722,375
2043	640,000	88,200	728,200
2044	655,000	73,631	728,631
2045	670,000	58,306	728,306
2046	690,000	42,156	732,156
2047	705,000	25,591	730,591
2048	725,000	8,610	733,610
	$ 14,000,000	$ 4,863,626	$ 18,863,626

See accompanying auditors' report.

Lazy Nine Municipal Utility District No. 1B
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
September 30, 2021

Due During Fiscal Years Ending	Principal Due March 1, September 1	Interest Due March 1, September 1	Total
2022	$ 1,980,000	$ 1,847,201	$ 3,827,201
2023	2,385,000	1,793,245	4,178,245
2024	2,430,000	1,718,944	4,148,944
2025	2,485,000	1,645,445	4,130,445
2026	2,525,000	1,571,770	4,096,770
2027	2,580,000	1,495,720	4,075,720
2028	2,630,000	1,421,771	4,051,771
2029	2,675,000	1,349,840	4,024,840
2030	2,725,000	1,272,526	3,997,526
2031	2,780,000	1,196,876	3,976,876
2032	2,825,000	1,122,657	3,947,657
2033	2,880,000	1,046,472	3,926,472
2034	2,930,000	968,415	3,898,415
2035	2,985,000	888,570	3,873,570
2036	3,045,000	806,006	3,851,006
2037	3,095,000	721,417	3,816,417
2038	3,165,000	633,819	3,798,819
2039	3,230,000	543,253	3,773,253
2040	3,280,000	449,694	3,729,694
2041	3,055,000	359,250	3,414,250
2042	2,765,000	275,026	3,040,026
2043	2,505,000	193,466	2,698,466
2044	1,840,000	122,941	1,962,941
2045	1,620,000	75,375	1,695,375
2046	690,000	42,156	732,156
2047	705,000	25,591	730,591
2048	725,000	8,610	733,610
	$ 66,535,000	$ 23,596,056	$ 90,131,056

See accompanying auditors' report.

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	Bond Issue			
	Series 2013	Series 2014	Series 2015	Series 2016
Interest rate	3.00% - 5.00%	2.00% - 5.00%	2.50% - 4.00%	2.00% - 3.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/15 - 9/1/40	9/1/16 - 9/1/41	9/1/17 - 9/1/42	9/1/18 - 9/1/43
Beginning bonds outstanding	$ 140,000	$ 4,525,000	$ 4,130,000	$ 6,205,000
Bonds issued				
Bonds refunded		(4,290,000)		
Bonds retired	(140,000)	(115,000)	(110,000)	(265,000)
Ending bonds outstanding	$ -	$ 120,000	$ 4,020,000	$ 5,940,000
Interest paid during fiscal year	$ 4,900	$ 175,450	$ 141,006	$ 154,681
Paying agent's name and city All Series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds and Refunding	Park and Recreational Bonds and Refunding	Road Bonds and Refunding
Amount Authorized by Voters	$ 216,182,435	$ 36,925,000	$ 31,810,000
Amount Issued	(65,215,000)		(6,885,000)
Remaining To Be Issued	$ 150,967,435	$ 36,925,000	$ 24,925,000

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

Debt Service Fund cash and investment balances as of September 30, 2021:	$ 2,092,832
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,338,187

See accompanying auditors' report.

Bond Issue				
Series 2016A Road	Series 2017 Road	Series 2017A	Series 2018	Series 2019
2.00% - 4.00%	2.00% - 3.75%	2.00% - 3.50%	3.00% - 4.00%	2.00% - 3.00%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/18 - 9/1/43	9/1/19 - 9/1/43	9/1/18 - 9/1/43	9/1/19 - 9/1/44	9/1/21 - 9/1/45
$ 3,720,000	$ 2,475,000	$ 3,105,000	$ 5,770,000	$ 9,000,000
(160,000)	(105,000)	(135,000)	(240,000)	(360,000)
$ 3,560,000	$ 2,370,000	$ 2,970,000	$ 5,530,000	$ 8,640,000
$ 142,400	$ 78,244	$ 98,550	$ 198,963	$ 256,050

	Bond Issue			
	Series 2020 Refunding	Series 2020A	Series 2021 Refunding	Series 2021A
Interest rate	3.00% - 5.00%	2.00% - 2.125%	2.00% - 3.00%	2.00% - 4.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	3/1/22 - 3/1/40	3/1/22 - 3/1/45	3/1/22 - 3/1/41	3/1/23 - 3/1/48
Beginning bonds outstanding	$ 4,575,000	$ 10,340,000	$ -	$ -
Bonds issued			4,470,000	14,000,000
Bonds refunded				
Bonds retired				
Ending bonds outstanding	$ 4,575,000	$ 10,340,000	$ 4,470,000	$ 14,000,000
Interest paid during fiscal year	$ 176,519	$ 211,538	$ 27,230	$ -

See accompanying auditors' report.

	Totals
$	53,985,000
	18,470,000
	(4,290,000)
	(1,630,000)
$	66,535,000
$	1,665,531

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

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Water service	$ 1,572,687	$ 1,423,891	$ 1,085,044	$ 991,374	$ 827,584
Sewer service	371,464	294,745	223,895	191,750	187,356
Property taxes	978,906	935,657	712,709	551,800	453,354
Penalties and interest	23,673	15,465	27,602	23,316	30,339
Tap connection and inspection	1,243,325	1,257,960	1,133,800	1,060,025	999,350
Miscellaneous				35,963	139
Investment earnings	1,811	22,400	52,595	28,659	10,304
Total Revenues	4,191,866	3,950,118	3,235,645	2,882,887	2,508,426
Expenditures					
Current service operations					
District facilities					
Professional fees	246,766	269,526	279,004	214,545	180,293
Contracted services	1,151,716	1,077,398	1,041,905	889,604	807,312
Repairs and maintenance	636,284	535,599	503,967	313,973	214,050
Administrative	61,394	40,640	21,748	22,196	17,849
Other	9,668	34,359	28,987	26,202	25,533
Joint facilities					
Purchased services	810,111	760,163	443,420	428,769	364,668
Professional fees	24,833	13,253	64,290	51,492	
Contracted services	161,665	122,890	121,651	100,144	98,394
Repairs and maintenance	281,316	281,839	190,397	139,572	133,207
Utilities	64,584	64,927	59,619	51,804	46,630
Water reservation fees	21,175	24,639	29,991	33,439	36,760
Administrative	15,963	14,362	12,813	10,087	7,812
Other	1,220	945	945	1,426	1,393
Capital					
Capital outlays				85,937	41,465
Right-to-use leased asset				619,927	
Debt service					
Lease - principal	127,522	117,166	107,651	42,232	
Lease - interest	25,103	35,459	44,974	21,362	
Total Expenditures	3,639,320	3,393,165	2,951,362	3,052,711	1,975,366
Revenues Over/(Under) Expenditures	$ 552,546	$ 556,953	$ 284,283	$ (169,824)	$ 533,060
Total Active Retail Water Connections	1,250	1,043	894	740	605
Total Active Retail Wastewater Connections	1,230	1,043	893	661	534

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
37%	36%	34%	34%	33%
9%	7%	7%	7%	7%
23%	24%	22%	19%	18%
1%	*	1%	1%	1%
30%	32%	34%	37%	41%
			1%	*
*	1%	2%	1%	*
100%	100%	100%	100%	100%

6%	7%	9%	7%	7%
27%	27%	32%	31%	32%
15%	14%	16%	11%	9%
1%	1%	1%	1%	1%
*	1%	1%	1%	1%
19%	19%	14%	15%	15%
1%	*	2%	2%	
4%	3%	4%	3%	4%
7%	7%	6%	5%	5%
2%	2%	2%	2%	2%
1%	1%	1%	1%	1%
*	*	*	*	*
*	*	*	*	*
			3%	2%
			22%	
3%	3%	3%	1%	
1%	1%	1%	1%	
87%	86%	92%	106%	79%
13%	14%	8%	(6%)	21%

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

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	$ 3,514,781	$ 2,844,403	$ 2,286,606	$ 1,768,548	$ 1,370,537
Penalties and interest	7,032	3,981	1,597	946	2,506
Investment earnings	1,303	24,707	56,605	33,665	11,736
Total Revenues	3,523,116	2,873,091	2,344,808	1,803,159	1,384,779
Expenditures					
Tax collection services	16,138	13,976	11,234	9,337	7,485
Other	7,500	2,500	2,500		
Debt service					
Principal	1,630,000	1,250,000	1,225,000	865,000	295,000
Interest and fees	1,663,146	1,561,344	1,271,130	1,060,529	862,684
Debt issuance costs	104,434	195,794			
Total Expenditures	3,421,218	3,023,614	2,509,864	1,934,866	1,165,169
Revenues Over/(Under) Expenditures	$ 101,898	$ (150,523)	$ (165,056)	$ (131,707)	$ 219,610

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
100%	99%	98%	98%	99%
*	*	*	*	*
*	1%	2%	2%	1%
100%	100%	100%	100%	100%
*	*	*	1%	1%
*	*	*		
46%	44%	52%	48%	21%
47%	54%	54%	59%	62%
3%	7%			
96%	105%	106%	108%	84%
4%	(5%)	(6%)	(8%)	16%

Lazy Nine Municipal Utility District No. 1B
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2021

Complete District Mailing Address:	1108 Lavaca St., Suite 510, Austin, Texas 78701
District Business Telephone Number:	(512) 518-2424
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 20, 2020
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Sharon Carter	05/18 - 05/22	$ -	$ -	President
Grant Gist	05/18 - 05/22	1,350		Vice President
Derrick Jones	05/20 - 05/24	1,650		Secretary
Brett Burke	05/20 - 05/24	1,500		Assistant Secretary
Harry Savio	05/20 - 05/24	1,650		Assistant Vice President/Secretary
		Amounts Paid		
Consultants				
Allen Boone Humphries Robinson LLP	2013			Attorney
General legal fees		$ 119,301		
Bond counsel		378,745		
Crossroads Utility Services	2014	540,991		Operator
Bott & Douthitt PLLC	2008	27,919		Bookkeeper
Travis County Tax Assessor/Collector	2003	2,640		Tax Collector
Travis Central Appraisal District	Legislative	17,992		Property Valuation
Malone/Wheeler, Inc.	2003	120,482		Engineer
Jones-Heroy & Associates, Inc.	2012	78,128		Engineer
McGrath & Co., PLLC	2013	26,500		Auditor
Masterson Advisors, LLC	2018	280,972		Financial Advisor

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

See accompanying auditors' report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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