

OFFICIAL STATEMENT
Dated August 11, 2022

IN THE OPINION OF SPECIAL TAX COUNSEL TO THE DISTRICT, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER “TAX MATTERS” HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS.

Rating:
S&P: “AA” (Stable Outlook)/Insured
Moody’s: “A1” (Stable Outlook)/Insured
Moody’s: “Baa3”/Uninsured
Insurance: AGM

NEW ISSUE – BOOK-ENTRY-ONLY

THE DISTRICT HAS DESIGNATED THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS”
FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS.”

\$7,070,000

MEYER RANCH MUNICIPAL UTILITY DISTRICT OF COMAL COUNTY
(A Political Subdivision of the State of Texas Located in Comal County, Texas)
UNLIMITED TAX ROAD BONDS, SERIES 2022

Dated: September 13, 2022

Due: August 15, as shown on the inside cover page

Interest to accrue from the date of Initial Delivery (as defined below)

The bonds described above (the “Bonds”) are obligations solely of Meyer Ranch Municipal Utility District of Comal County (the “District”) and are not obligations of the State of Texas (“State”), Comal County (the “County”), Comal Independent School District 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 SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

PAYMENT TERMS . . . Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, (the “Paying Agent” or the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the date of Initial Delivery and will be payable each February 15 and August 15, commencing February 15, 2023, until maturity or prior redemption. Interest on the Bonds will be payable on the basis of a 360-day year consisting of twelve 30-day months. 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 provided on the inside cover page.

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 “THE BONDS – Book-Entry-Only System.”

PURPOSE . . . Proceeds of the Bonds will be used to finance the District’s share of the cost of constructing road improvements to serve the District. The remaining Bond proceeds will be used to: (i) capitalize interest requirements on the Bonds; (ii) pay developer interest; and (iii) paying the costs associated with the issuance of the Bonds.



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM” or the “Bond Insurer”). See “BOND INSURANCE” and “APPENDIX D – Specimen Municipal Bond Insurance Policy.”

CUSIP PREFIX: 59312T
MATURITY SCHEDULE
SEE INSIDE COVER PAGE

LEGALITY . . . The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Initial Bond by the Attorney General of Texas and McLean & Howard, L.L.P., Bond Counsel, Austin, Texas, and McCall, Parkhurst and Horton L.L.P., Dallas, Texas, Special Tax Counsel (see “APPENDIX A – Form of Bond Counsel’s Opinion” and “APPENDIX B – Form of Special Tax Counsel’s Opinion).

DELIVERY . . . Delivery of the Bonds is expected through the facilities of DTC on September 13, 2022 (“Initial Delivery”).

MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield ^(a)	CUSIP Numbers ^(b)
2024	\$ 110,000	6.000%	2.000%	59312TDN2
2025	115,000	6.000%	2.200%	59312TDP7
2026	120,000	6.000%	2.400%	59312TDQ5
2027	125,000	5.750%	2.550%	59312TDR3
2028	135,000	3.000%	2.700% ^(c)	59312TDS1
2029	140,000	3.000%	2.850% ^(c)	59312TDT9
2030	150,000	3.000%	3.000%	59312TDU6
2031	155,000	3.000%	3.150%	59312TDV4
2032	165,000	3.000%	3.300%	59312TDW2
***	***	***	***	***
2035	190,000	3.375%	3.600%	59312TDZ5
2036	200,000	3.500%	3.700%	59312TEA9

\$350,000 3.250% Term Bonds due August 15, 2034 priced to Yield 3.450%^(a) – 59312TDY8^(b)
\$435,000 4.000% Term Bonds due August 15, 2038 priced to Yield 3.800%^{(a)(c)} – 59312TEC5^(b)
\$1,015,000 4.000% Term Bonds due August 15, 2042 priced to Yield 4.000%^(a) – 59312TEG6^(b)
\$1,605,000 4.000% Term Bonds due August 15, 2047 priced to Yield 4.072%^(a) – 59312TEM3^(b)
\$2,060,000 4.000% Term Bonds due August 15, 2052 priced to Yield 4.087%^(a) – 59312TES0^(b)

(Interest to accrue from the date of Initial Delivery)

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.
- (b) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright^(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Initial Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.
- (c) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2027, the first optional call date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

REDEMPTION PROVISIONS . . . The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2028 in whole or from time to time in part, on August 15, 2027, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.” Additionally, Term Bonds maturing on August 15 in the years 2034, 2038, 2042, 2047 and 2052 are subject to mandatory sinking fund redemption. See “THE BONDS – Mandatory Sinking Fund Redemption.”

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

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The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “FINAL OFFICIAL STATEMENT” of the District with respect to the Bonds, as that term is defined in the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein 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.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND, CONSEQUENTLY, HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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The cover and inside cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

SALE AND DISTRIBUTION OF THE BONDS

AWARD OF THE BONDS . . . After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets (the “Initial Purchaser”) bearing the interest rates shown on the inside cover page hereof, at a price of approximately 97.009% of the par value thereof which resulted in a net effective interest rate of 4.090165% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the “IBA” method).

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser 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 Initial Purchaser 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 United States 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.

MUNICIPAL BOND RATING AND INSURANCE

The Bonds have received an insured rating of “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”) by virtue of a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds. The Bonds and the outstanding debt of the District have been rated “Baa3” by Moody’s without regard to credit enhancement. See “BOND INSURANCE RISKS.”

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE DISTRICT

THE ISSUER..... The District is a municipal utility district created by an Order of the TCEQ dated October 11, 2016. The creation of the District was confirmed at an election held within the District on November 7, 2017. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7989 of the Texas Special District Local Laws Code. The District also has road powers pursuant to Section 52, Article III of the Texas Constitution. See “THE DISTRICT – General.”

At the time of its creation, the District contained approximately 691.451 acres of land. Since the creation of the District, there have been no annexations or exclusions of land.

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. The District is also authorized to design, finance, construct and convey macadamized, graveled, or paved roads and improvements, including storm drainage in aid of these roads. 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.

LOCATION..... The District is located wholly within unincorporated Comal County and is not within the extraterritorial jurisdiction of any city. The District is located within the boundaries of the Comal Independent School District. All lands within the District are located northwest of the City of New Braunfels, Texas on State Highway 46. See “THE DISTRICT – Location.”

THE DEVELOPER The developer of the 691.451 acres of land within the District is CCD Meyer Ranch Land LLC (the “Developer”), a Delaware limited liability company. The Developer’s ownership is comprised of the following entities: Meyer Comal Development, LLC, a Texas limited liability company and HC Austin Meyer LLC, a Delaware limited liability company. The Developer manages the project and is directly engaged in sales and marketing efforts for the currently unsold platted lots and certain other property within the District. See “THE DEVELOPER – Description of Developer” and “THE DISTRICT – Current Status of Development.”

DEVELOPMENT WITHIN THE DISTRICT Of the 691.451 acres within the District, approximately 251.242 acres have been developed by the Developer with utility facilities as a single-family residential subdivision. As of June 1, 2022, the development in the District consisted of 359 completed homes (of which 351 were occupied), 155 homes under construction, and 173 lots available for home construction within the District.

Following the issuance of the Bonds, the District will still owe the Developer approximately \$27.480 million for additional road, water, wastewater and drainage facilities which have been constructed to date. See “THE DISTRICT – Current Status of Development.”

HOMEBUILDERS..... The Developer has marketed its lots directly to homebuilders. As of June 1, 2022, the Developer has sold lots to the following builders: Ashton Woods Homes, Chesmar Homes, Highland Homes, Gehan Homes, Bella Vista Homes, Tri Point Homes and Juell Homes. See “THE DEVELOPER – Homebuilders within the District.”

THE BONDS

DESCRIPTION	The Bonds in the aggregate principal amount of \$7,070,000 mature as serial Bonds in varying amounts on August 15 of each year from 2024 through 2032, 2035 and 2036 and as Term Bonds maturing on August 15 in the years 2034, 2038, 2042, 2047 and 2052 in the principal amounts set forth on the inside cover page hereof. Interest accrues from the date of Initial Delivery and is payable February 15, 2023 and each August 15 and February 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”
REDEMPTION	The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2028 in whole or from time to time in part, on August 15, 2027, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.” Additionally, Term Bonds maturing on August 15 in the years 2034, 2038, 2042, 2047 and 2052 are subject to mandatory sinking fund redemption. See “THE BONDS – Mandatory Sinking Fund Redemption.”
SOURCE OF PAYMENT	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” The Bonds are obligations solely of the District and are not obligations of the Comal Independent School District; Comal County, Texas; the State of Texas; or any entity other than the District. See “THE BONDS – Source of and Security for Payment.”
PAYMENT RECORD	The Bonds constitute the fourth installment of bonds issued by the District. See “FINANCIAL STATEMENT – Outstanding Bonds.”
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including Chapter 7989 of the Texas Special District Local Laws Code, a bond election held within the District on November 7, 2017 and an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for (i) reimbursing for the costs of constructing, improving or acquiring, maintaining, financing and operating macadamized, graveled or paved roads and improvements in aid of those roads; (ii) funding approximately 12 months’ capitalized interest on the Bonds; and (iii) paying the costs associated with the issuance of the Bonds. See “THE BONDS – Sources and Uses of Proceeds.”
BONDS AUTHORIZED BUT UNISSUED.....	At an election held within the District on November 7, 2017, the voters within the District approved the issuance of \$207,675,000 in bonds for water, wastewater and drainage facilities, \$83,700,000 in bonds for roads and the issuance of \$437,062,500 in refunding bonds. After the sale of the Bonds, the District will have \$66,695,000 remaining in authorized but unissued road bonds. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Future Debt.”
MUNICIPAL BOND RATING AND INSURANCE	The Bonds have received an insured rating of “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”) by virtue of a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds. The Bonds and the outstanding debt of the District have been rated “Baa3” by Moody’s without regard to credit enhancement.
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and represents that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2022 is not reasonably expected to

exceed \$10,000,000. See “TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions.”

BOND COUNSEL AND GENERAL COUNSEL	McLean & Howard, L.L.P., Austin, Texas (see “APPENDIX A – Form of Bond Counsel’s Opinion”).
SPECIAL TAX COUNSEL	McCall, Parkhurst and Horton L.L.P., Dallas, Texas
FINANCIAL ADVISOR	Specialized Public Finance Inc., Austin, Texas
ENGINEER	Malone/Wheeler, Inc. (the “Engineer”), Austin, Texas

RISK FACTORS

The purchase and ownership of the Bonds involve certain risk factors and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned “RISK FACTORS,” with respect to investment in the Bonds.

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SELECTED FINANCIAL INFORMATION
(Unaudited as of June 10, 2022)

2019 Certified Taxable Assessed Valuation	\$ 18,789,610	(a)
2020 Certified Taxable Assessed Valuation	\$ 39,731,983	(a)
2021 Certified Taxable Assessed Valuation	\$ 93,692,757	(a)
2022 Certified Taxable Assessed Valuation	\$ 153,702,360	(a)
Estimated Taxable Assessed Valuation (as of March 9, 2022)	\$ 192,812,069	(b)
Gross Direct Debt Outstanding	\$ 17,005,000	(c)
Estimated Overlapping Debt	<u>2,528,225</u>	(d)
Gross Direct Debt Outstanding and Estimated Overlapping Debt	\$ 19,533,225	
Ratios of Gross Direct Debt Outstanding to:		
2022 Certified Taxable Assessed Valuation	11.06%	
Estimated Taxable Assessed Valuation (as of March 9, 2022)	8.82%	
Ratios of Gross Direct Debt Outstanding and Estimated Overlapping Debt to:		
2022 Certified Taxable Assessed Valuation	12.71%	
Estimated Taxable Assessed Valuation (as of March 9, 2022)	10.13%	
2021 Tax Rate:		
Debt Service	\$ 0.3750	
Maintenance & Operation	<u>0.5750</u>	
Total	\$ 0.9500	(e)
General Operating Fund Balance as of June 10, 2022 (unaudited)	\$ 540,773	
Debt Service Fund Balance as of June 10, 2022 (unaudited)	\$ 633,906	(f)
Capital Projects Fund Balance as of June 10, 2022 (unaudited)	\$ 4,115	
Average Annual Debt Service Requirement on the Bonds and outstanding debt (2022-2052)	\$ 895,625	(c)
Maximum Annual Debt Service Requirement on the Bonds and outstanding debt (2049)	\$ 1,027,850	(c)
Tax Rates Required to Pay Average Annual Debt Service (2022-2052) at a 95% Collection Rate		
Based upon 2022 Certified Taxable Assessed Valuation	\$ 0.6134	
Tax Rates Required to Pay Maximum Annual Debt Service (2049) at a 95% Collection Rate		
Based upon 2022 Certified Taxable Assessed Valuation	\$ 0.7040	
Number of Active Connections as of June 1, 2022:		
Single Family Homes – Completed	359	
Single Family Homes – Occupied	351	
Single Family Homes Under Construction	155	
Lots Available for Home Construction	173	
Estimated Population as of June 1, 2022	1,229 ^(g)	

(a) Assessed valuation of the District as certified by the Comal Appraisal District (“CAD”). See “TAXING PROCEDURES.”

(b) As estimated by the CAD as of March 9, 2022 for informational purposes only.

(c) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”

(d) See “FINANCIAL STATEMENTS – Estimated Overlapping Debt.”

(e) The District levied a 2021 total tax rate of \$0.9500. See “Table 9 – District Tax Rates.”

(f) Does not include capitalized interest on the Bonds, estimated to contribute an additional \$371,175 to the debt service fund balance shown (representing 12 months of capitalized interest calculated at 5.25%). Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund.

(g) Based upon 3.5 residents per completed and occupied single family home.

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OFFICIAL STATEMENT

Relating to

\$7,070,000

MEYER RANCH MUNICIPAL UTILITY DISTRICT OF COMAL COUNTY
(A Political Subdivision of the State of Texas Located in Comal County, Texas)
UNLIMITED TAX ROAD BONDS, SERIES 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Meyer Ranch Municipal Utility District of Comal County (the “District”), a political subdivision of the State of Texas (the “State”), of its \$7,070,000 Unlimited Tax Road Bonds, Series 2022 (the “Bonds”).

The Bonds are issued pursuant to an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds, pursuant to Article III, Section 52 of the Constitution and general laws of the State including Chapter 7989 of the Texas Special District Local Laws Code, and a bond election held within the District on November 7, 2017.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o McLean & Howard, L.L.P., 4301 Bull Creek Road, Suite 150, Austin, Texas 78731 or from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

THE BONDS

GENERAL DESCRIPTION . . . The Bonds are dated September 13, 2022 and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will accrue from the date of Initial Delivery, will be paid on February 15, 2023 and each August 15 and February 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

REDEMPTION . . . The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2028, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on August 15, 2027, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

MANDATORY SINKING FUND REDEMPTION . . . The Bonds maturing on August 15 in the years 2034, 2038, 2042, 2047 and 2052 (the “Term Bonds”) are subject to mandatory sinking fund redemption prior to their stated maturity in the following amounts, on the following dates and at a price of par to the date of redemption by lot:

<u>Term Bonds Due August 15, 2034</u>		<u>Term Bonds Due August 15, 2038</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2033	\$ 170,000	August 15, 2037	\$ 210,000
August 15, 2034*	180,000	August 15, 2038*	225,000

*Stated Maturity.

Term Bonds Due August 15, 2042		Term Bonds Due August 15, 2047	
Redemption Date	Principal Amount	Redemption Date	Principal Amount
August 15, 2039	\$ 235,000	August 15, 2043	\$ 290,000
August 15, 2040	245,000	August 15, 2044	305,000
August 15, 2041	260,000	August 15, 2045	320,000
August 15, 2042*	275,000	August 15, 2046	335,000
		August 15, 2047*	355,000

Term Bonds Due August 15, 2052	
Redemption Date	Principal Amount
August 15, 2048	\$ 370,000
August 15, 2049	390,000
August 15, 2050	410,000
August 15, 2051	435,000
August 15, 2052*	455,000

*Stated Maturity.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, at least 30 calendar days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District, if less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent is required to select the Bonds of such maturity to be redeemed by lot.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the District, so long as a book-entry-only system ("Book-Entry-Only-System") is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants.

Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . The District is initially utilizing the Book-Entry-Only System of DTC. See “BOOK-ENTRY-ONLY SYSTEM.” In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Dallas, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration . . . If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds . . . Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the last calendar day of the month (whether or not a business day) preceding each interest payment date (the “Record Date”) and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds . . . If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner’s ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

AUTHORITY FOR ISSUANCE . . . At an election held within the District on November 7, 2017, voters within the District authorized \$207,675,000 in bonds for water, wastewater and drainage facilities, \$83,700,000 in bonds for road improvements and the issuance of refunding bonds in the amount of \$437,062,500. The Bonds constitute the fourth installment of road bonds issued by the District. After the sale of the Bonds, \$66,695,000 principal amount of District road bonds will remain authorized but unissued. The District has not issued any bonds for water, wastewater or drainage facilities or for refunding purposes. The Bonds are issued pursuant to the terms and provisions of the Bond Order; Article III, Section 52 of the Texas Constitution; and the general laws of the State of Texas, including Chapter 7989 of the Texas Special District Local Laws Code.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources:	
Par Amount of Bonds	\$ 7,070,000.00
Net Reoffering Premium	<u>(8,754.20)</u>
Total Sources	\$ 7,061,245.80
Uses:	
Deposit to Project Fund	\$ 6,282,570.53
Deposit to Debt Service Fund (capitalized interest)	289,174.67
Underwriter’s Discount	89,597.60
Costs of Issuance (including bond insurance premium)	<u>399,903.00</u>
Total Uses	\$ 7,061,245.80

SOURCE OF AND SECURITY FOR PAYMENT . . . The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

The Bonds are obligations solely of the District and are not obligations of Comal Independent School District; Comal County, Texas; the State of Texas; or any political subdivision or entity other than the District.

PAYMENT RECORD . . . The Bonds constitute the fourth installment of bonds issued by the District.

FLOW OF FUNDS . . . The Bond Order creates the establishment and maintenance by the District of a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund . . . The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and approximately twenty-four months' capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

Capital Projects Fund . . . The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct road facilities, then in the discretion of the District to transfer such unexpended proceeds or income to the Debt Service Fund.

DEFEASANCE OF OUTSTANDING BONDS . . . General . . . The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable 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 Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds..

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

Retention of Rights . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

Investments . . . Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

PAYING AGENT/REGISTRAR . . . Principal of and semiannual interest on the Bonds will be paid by BOKF, NA having an office for payment in Dallas, Texas, the Paying Agent. The Paying Agent must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

RECORD DATE . . . The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the last calendar day of the month (whether or not a business day) preceding such interest payment date.

ISSUANCE OF ADDITIONAL DEBT . . . According to the District's engineer, the \$66,695,000 in principal amount of bonds authorized but unissued (after issuance of the Bonds), should be sufficient to reimburse the Developer for the road improvements serving the District. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to issue refunding bonds, as well as revenue bonds and notes without voter approval. Furthermore, at an election held in the District on November 7, 2017, the voters within the District also approved the issuance of \$437,062,500 in refunding bonds and \$207,675,000 in unlimited tax bonds for water, wastewater and drainage facilities, none of which have been issued to date. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." The District has not issued any refunding bonds. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "RISK FACTORS." The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, wastewater and drainage purposes is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. 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.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility 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.” Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

SPECIFIC TAX COVENANTS . . . In the Bond Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the “Code”), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

ADDITIONAL COVENANTS . . . The District has additionally covenanted in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

REMEDIES IN EVENT OF DEFAULT . . . The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. 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. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. CT. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the District’s sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be 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. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

CONSOLIDATION . . . A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with any other district.

ALTERATION OF BOUNDARIES . . . In certain circumstances, under Texas law the District may alter its boundaries to: i) upon satisfying certain conditions, annex additional territory; and ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied including the District simultaneously annexes land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

APPROVAL OF THE BONDS . . . The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

AMENDMENTS TO THE BOND ORDER . . . The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and 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 procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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 Standard & Poor's rating of "AA+." 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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RISK FACTORS

GENERAL . . . The Bonds, which are obligations of the District and are not obligations of the State of Texas; Comal County, Texas; Comal Independent School District, or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See “THE BONDS – Source of and Security for Payment.” The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. 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 property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “Registered Owners’ Remedies” below.

FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . . *Economic Factors, Interest Rates, Credit Availability and Residential Foreclosures:* A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the economic prosperity and demographic characteristics of the urban centers 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 existing values.

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developer and Homebuilders are able to obtain financing for development and construction costs. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. 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 development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio metropolitan and regional economics.

Competition . . . The demand for single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown San Antonio that are for sale. Such homes could represent additional competition for 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 is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Developer under No Obligation to the District: There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner’s right to sell its land, including any developer. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon developer and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See “THE DEVELOPER” and “TAX DATA – Principal Taxpayers.”

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 the District property owners to pay their taxes. The 2022 Certified Assessed Valuation is \$153,702,360 (see “FINANCIAL STATEMENT”). After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$1,027,850 (2049) and the Average Annual Debt Service Requirement will be \$895,625 (2022-2052, inclusive). A tax rate of \$0.7040/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Maximum Annual Debt Service Requirement of \$1,027,850, and a tax rate of \$0.6134/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement of \$895,625 based upon the 2022 Certified Taxable Assessed Valuation.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

TAX COLLECTIONS 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 cumbersome, time-consuming and expensive collection procedures or 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 STATEMENT – Estimated Overlapping Debt Statement”), by the current aggregate tax rate being levied against the property, and by other factors (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). 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 court could approve a confirmation plan which allows the debtor to make installment payments on delinquent taxes for up to six years and a bankruptcy court may reduce the amount of any taxes assessed against the debtor, including those that have already been paid.

HOUSING MARKET, VOLATILITY AND RECENT FORECLOSURES . . . In past years, disruptions in the housing market have led to a significant number of foreclosures on single family homes nationally. In the District, there were no posted foreclosures on single-family homes by the Comal County Clerk’s Office as of September 8, 2020. No assurance can be given whether the number of foreclosures will decrease or increase or that market conditions will improve.

REGISTERED OWNERS’ REMEDIES . . . In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District’s property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order 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 laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

BANKRUPTCY LIMITATION TO REGISTERED OWNERS’ RIGHTS . . . The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. 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 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners’ remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed 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 specifically 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 negotiations are impracticable. Under Texas law a municipal utility district, such as the District, must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission 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, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving 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 applicable, the concomitant delay and loss of remedies to the registered owners 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 a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner’s claim against a district.

THE EFFECT OF THE FINANCIAL INSTITUTIONS ACT OF 1989 ON TAX COLLECTIONS OF THE DISTRICT . . . The “Financial Institutions Reform, Recovery and Enforcement Act of 1989” (“FIRREA”), enacted on August 9, 1989, contains certain provisions

which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

100-Year Flood Plain and Storm Drainage Information: “Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. According to the District’s Engineer, approximately 0.19 acres of land within the District are located within the 100-year flood plain as designated by the most recent Federal Emergency Management Agency Flood Insurance Rate Map.

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States (“Atlas 14”) which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular, the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Travis County, are contemplating amendments to their regulations that will potentially increase the size of the 100-year flood plain which interim flood plain is based on the current 500-year flood plain, resulting in the interim flood plain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the flood plain). Flood plain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could mean higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the flood plain.

MARKETABILITY . . . The District has no understanding with the Initial Purchaser 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 for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

CONTINUING COMPLIANCE WITH CERTAIN COVENANTS . . . Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “TAX MATTERS.”

FUTURE DEBT . . . After the issuance of the Bonds, the Developer will continue to be owed approximately \$27.480 million for completed utility and road improvements to date. It is anticipated the District will issue bonds (when financially feasible) at a future date to fund the related Developer reimbursements. See “THE SYSTEM.”

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

The Attorney General of Texas does not pass upon or guarantees the security of the Bonds as an investment, nor upon the adequacy or accuracy of the information contained in this Official Statement.

ENVIRONMENTAL REGULATION . . . Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring remedial action to prevent or mitigate pollution; and
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other type of 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 as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to districts. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a 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 nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a 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 2015, the EPA and the United States Army Corps of Engineers ("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 expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of "waters of the United States." In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of "waters of the United States" to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of "waters of the United States." Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved. Subsequently, on May 28, 2019, the U.S. District Court for the Southern District of Texas found that the CWR violated the notice-and-comment requirements of the Administrative Procedures Act, remanded the CWR to the EPA and USACE, and ordered that the preliminary injunction issued September 12, 2018, remain in place pending the proceedings on remand.

This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nation-wide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern

District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved. Subsequently, on May 28, 2019, the U.S. District Court for the Southern District of Texas found that the CWR violated the notice-and-comment requirements of the Administrative Procedures Act, remanded the CWR to the EPA and USACE, and ordered that the preliminary injunction issued September 12, 2018, remain in place pending the proceedings on remand.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of “waters of the United States.” The proposed definition outlines six categories of waters that would be considered “waters of the United States,” including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not “waters of the United States,” such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies took comment on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019.

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 will officially become final sixty days after its publication in the Federal Register. Due to the pending rulemaking activity and rule challenge litigation, there is significant 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 permitting requirements.

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and has issued two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may also be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the District or Developer, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District and Developer on the date hereof, and neither the District nor the Developer assume any obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by first parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

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BOND INSURANCE

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

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

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

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “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 “BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

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

BOND INSURANCE RISKS

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

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

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

The enhanced long-term ratings on the Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM’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 AGM and of the ratings on the Bonds insured by AGM 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.

The obligations of AGM are contractual obligations and in an event of default by AGM, 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 an independent investigation into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM 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 AGM, particularly over the life of the investment. See “BOND INSURANCE” herein for further information regarding AGM and the Policy, which includes further instructions for obtaining current financial information concerning AGM.

THE DISTRICT

GENERAL . . . The District is a municipal utility district created by an Order of the TCEQ dated October 11, 2016. The creation of the District was confirmed at an election held within the District on November 7, 2017. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 7989 of the Texas Special District Local Laws Code. The District also has road powers pursuant to Section 52, Article III of the Texas Constitution.

At the time of its creation, the District contained approximately 691.451 acres of land. Since the creation of the District, there have been no annexations or exclusions of land.

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. The District is also authorized to design, finance, construct and convey macadamized, graveled or paved roads, and improvements in, including storm drainage, in aid of those roads. 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.

MANAGEMENT . . . *Board of Directors.* The District is governed by a Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors’ terms are four years with elections held on the first Tuesday after the first Monday in May in each even numbered year. All of the directors listed below reside or own property in the District.

Name	Title	Term Expires
Tommy Tucker	President	2024
Talley Williams	Vice President	2024
Madison Inselmann	Secretary	2024
Michael Slack	Assistant Secretary	2026
Daniel A. Day	Assistant Secretary	2026

Consultants:

Tax Assessor/Collector . . . Land and improvements in the District are being appraised by the Comal Appraisal District (“CAD”) whose Chief Appraiser is Mr. Rufino Lozano. The Comal County Tax Assessor/Collector, Ms. Talcott, currently serves the District in this capacity under contract.

Bookkeeper . . . Bott & Douthitt PLLC (“Bott & Douthitt”) is charged with the responsibility of providing bookkeeping services for the District. Bott & Douthitt serves in a similar capacity for other special districts.

Auditor . . . The District’s financial statements for fiscal year ending September 30, 2021 were audited by McGrath & Co., PLLC, Certified Public Accountants, and excerpts of the District’s Audited Financial Statements as of September 30, 2021 have been included as APPENDIX C in reliance upon such firm’s authority in the field of accounting.

Engineer . . . The District’s consulting engineer is Malone/Wheeler, Inc. (the “Engineer”). Such firm serves as consulting engineer to other special districts.

Financial Advisor . . . Specialized Public Finance Inc. serves as the District’s financial advisor (the “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.

Bond Counsel and General Counsel . . . McLean & Howard, L.L.P., Austin, Texas serves as Bond Counsel and General Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds.

Special Tax Counsel . . . McCall, Parkhurst and Horton L.L.P., Dallas, Texas serves as Special Tax Counsel in connection with the issuance of the District’s Bonds. The fees of Special Tax Counsel are contingent upon the sale of and delivery of the Bonds.

LOCATION . . . The District is located wholly within unincorporated Comal County and is not within the extraterritorial jurisdiction of any city. The District is located within the boundaries of the Comal Independent School District. All lands within the District are located northwest of the City of New Braunfels, Texas on State Highway 46.

UNDEVELOPED ACREAGE . . . There are approximately 240.209 developable acres of land within the District that have not been provided with water, wastewater and storm drainage and detention facilities as of June 1, 2022. The District makes no representation as to when or if development of this acreage will occur. See “THE DISTRICT – Status of Development.”

CURRENT STATUS OF DEVELOPMENT . . . Of the approximately 691.451 acres within the District, approximately 251.242 acres have been developed for single family residential purposes by the Developer. As of June 1, 2022, the development in the District consisted of 359 completed homes (of which 351 were occupied), 155 homes under construction and 173 lots available for home construction.

The chart below reflects the status of development of the residential and commercial lands within the District as of June 1, 2022:

	<u>Net Acreage</u>	<u>Platted Lots</u>	<u>Completed Homes</u>	<u>Homes Under Construction</u>	<u>Vacant Lots</u>
A. Sections with Utility Facilities or Under Construction					
Developed	251.242	687	359	155	173
Remaining Developable Acreage	<u>240.209</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Developable Acreage	<u>491.451</u>				
C. Undevelopable Acreage					
Drainage, Detention, Floodplain, Parkland/Open Space	<u>200.000</u>				
Total Developable Acreage	<u>691.451</u>				

FUTURE DEVELOPMENT . . . As of the date hereof, there are remaining approximately 200 acres of land in the District, as yet undeveloped with water, sewer & drainage facilities and road improvements to support development. The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, general and economic conditions which would affect any party’s ability to sell lots and/or other property and of any home builder to sell completed homes as described in this Official Statement under the caption “RISK FACTORS.” If the undeveloped portion of the District is eventually developed, additions to the District’s water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues of the District’s bonds and developer contributions, if any, as required by the TCEQ.

ANNEXATION OF THE DISTRICT . . . The District is located wholly within unincorporated Comal County and is not within the extraterritorial jurisdiction of any city.

THE DEVELOPER

GENERAL . . . In general, the activities of a developer in a utility district, such as the District, include purchasing the land within the utility district; coordinating the design of the subdivision; coordinating the design of the utilities and streets to be constructed in the subdivision; coordinating the design of any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of the improvements within the subdivisions, including road improvements, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, cable television, and electric service; and selling improved lots and commercial reserves to homebuilders, other developers, or other first parties. The relative success or failure of a developer to perform such activities will have a profound effect on the security of the bonds issued by the District. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily the major taxpayer within the district during the development phase of the property.

DESCRIPTION OF DEVELOPER . . . The developer of the 691.451 acres of land within the District is CCD Meyer Ranch Land LLC (the “Developer”), a Delaware limited liability company. The Developer’s ownership is comprised of the following entities: Meyer Comal Development, LLC, a Texas limited liability company and HC Austin Meyer LLC, a Delaware limited liability company. The Developer manages the project and is directly engaged in sales and marketing efforts for the currently unsold platted lots and certain other property within the District. See “THE DISTRICT – Current Status of Development.”

ACQUISITION AND DEVELOPMENT FINANCING . . . The Developer closed a \$28,000,000 credit facility with CCF Finance LLC, an Illinois limited liability company on June 7, 2017. The Loan agreement and Deed of Trust were amended on July 31, 2019 and increased to a loan of \$41,200,000. The loan is being used to finance the construction of infrastructure for the project. The loan also provided funding for community amenity and common area upgrades. The credit facility has a term of seven years and matures on August 31, 2024. The outstanding balance on the credit facility as of June 1, 2022 was \$16,267,564.73. The Developer is currently in full compliance with the credit facility.

HOMEBUILDERS WITHIN THE DISTRICT . . . The Developer has marketed its lots directly to homebuilders. As of June 1, 2022, the Developer has sold lots to the following builders: Ashton Woods Homes, Chesmar Homes, Highland Homes, Gehan Homes, Bella Vista Homes, Tri Point Homes and Juell Homes.

THE SYSTEM

REGULATION . . . Operation of the District’s waterworks and wastewater facilities is subject to regulation by, among others, the US Environmental Protection Agency and the TCEQ. The rules and regulations promulgated by these agencies change periodically and are subject to further development and revision. The TCEQ makes annual inspections of the water and wastewater systems to assure compliance with their rules.

WATER SUPPLY AND DISTRIBUTION . . . SJWTX, Inc., a Texas corporation doing business as Canyon Lake Water Service Company (“CLWSC”) holds a certificate of convenience and necessity that includes the lands within the District. CLWSC provides retail potable water service to the lands within the District pursuant to the “Water Utility Service Agreement” dated October 4, 2016, as amended on February 3, 2017 and May 8, 2020, entered into by CLWSC, the District and Developer (the “Water Service Agreement”). Under the Water Service Agreement, CLWSC agreed to provide up to 1,650 living unit equivalents (“LUEs”) of retail water service to lands within the District. CLWSC’s obligation to provide retail water service is subject to certain conditions, including funding and construction of certain offsite and internal water infrastructure improvements, and payment of fees and charges, by the District or Developer. The Water Service Agreement provides for the District to own all internal water system improvements that it finances until the District’s bonds are retired. CLWSC operates and maintains the completed water improvements pursuant to a lease purchase agreement.

The Water Service Agreement provides for CLWSC to furnish retail water service within the District on a phased basis according to completion of construction of certain improvements to the CLWSC waterworks system. The Phase 1 improvements consist of approximately 6,450 linear feet of 12-inch pipeline required to extend water service from CLWSC’s existing waterworks system to the first phase of internal distribution lines constructed within the District. The Water Service Agreement provides for CLWSC to furnish up to 300 LUEs of water service within the District upon completion of the Phase 1 improvements. The Phase 1 water service improvements have been completed and accepted by CLWSC. The Phase 2 improvements include the construction of three (3) 900 gpm pumps to be installed by CLWSC. The Developer or District are responsible for payment a pro rata share of the Phase 2 improvement costs. Upon completion of construction of the Phase 2 improvements and receipt of payment, the Water Service Agreement provides for CLWSC to make available a 395 LUEs of water service within the District located below 1,230 feet mean sea level. The Developer has made the required contribution to CLWSC for the Phase 2 improvements. In addition, as of May 1, 2022, the Developer has completed construction of the internal water distribution improvements required for the provision of water service to the first ten units (subdivisions) of development within the District (Meyer Ranch Unit Nos. One through Ten), which include 687 single family residential lots.

According to the District’s engineer, 1,650 LUEs of water service capacity available under the Water Service Agreement is sufficient for full buildout within the District.

WASTEWATER COLLECTION AND TREATMENT . . . The District is the holder of Waste Discharge Permit No. WQ-0015314001 issued by TCEQ. The Permit authorizes the treatment and disposal of up to 390,000 gallons per day of treated wastewater effluent into Dry Creek, thence into Comal Creek, within the Guadalupe River Basin. The Permit authorizes the treatment and disposal of wastewater effluent on a phased basis. The current phase of the permit authorizes the treatment and disposal of 150,000 gallons per day of treated wastewater effluent. The third and final phase of the Permit authorizes the treatment and disposal of 390,000 gallons per day of treated wastewater effluent.

As of May 1, 2021, the District has completed construction and commencement of operation of a permanent wastewater treatment plant. The plant has been designed to treat up to 150,000 per day of wastewater pursuant to the second phase of the Permit, and will be expanded when necessary pursuant to the final phase of the Permit.

According to the District’s Engineer, the 390,000 gpd of wastewater treatment and disposal capacity authorized under the final phase of the Permit is sufficient to serve the anticipated full buildout within the District.

UTILITY CONSTRUCTION AGREEMENTS . . . The District and Developer are parties to the following agreements (collectively, the “Reimbursement Agreements”): (i) that certain “Utility Construction and Reimbursement Agreement” dated July 11, 2017, as subsequently amended on April 13, 2018; and (ii) that certain “Road Improvements Construction and Reimbursement Agreement” dated July 11, 2017. The Reimbursement Agreements generally obligate the Developer to fund all water, wastewater, drainage and road improvements and facilities required for development of the lands within the District. The Reimbursement Agreements also obligate the District to issue its bonds to acquire the facilities or to otherwise reimburse the Developer’s eligible costs at such time as a sufficient tax base has been developed within the District. The District’s obligation to issue its bonds for Developer reimbursement is subject to the terms and conditions set forth in the Reimbursement Agreements.

STORM WATER DRAINAGE . . . The storm drainage system that serves the District consists of curb and guttered streets and storm sewers. The collected storm water runoff is routed through detention and water quality ponds, thence into tributaries of Dry Creek and Comal Creek and ultimately to the Guadalupe River.

100-YEAR FLOOD PLAIN . . . A portion of the District is affected by the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map No. 48091C0245F for Comal County, Texas, dated September 2, 2009 and revised to reflect an approved LOMR shown Effective on May 20, 2021. As a result of the approved LOMR all lots within units 1 through 5 are shown to be outside of the 100-year flood plain. On October 14, 2020 Federal Emergency Management Agency (“FEMA”)

approved a Conditional Letter of Map Revision (“CLOMR”) for Meyer Ranch Units 6 through 10 to allow minimal fills and grading within the floodplain to raise all lots within these subdivision sections out of the proposed developed floodplain. No lots are expected to be developed on land that is located within the boundary of the 100-year Flood Plain, as modified by the approved CLOMR.

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. The Flood Insurance Rate Map associated with the District indicates that none of the land in the District is located within the 100-year flood plain. See “THE DISTRICT – Land Use.”

The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could result in less developable property within the District, higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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DEBT SERVICE REQUIREMENTS

TABLE 1 – DEBT SERVICE SCHEDULE

Fiscal Year Ended	Existing Debt			The Bonds			Total Debt Service
	Principal	Interest	Total	Principal	Interest ^(a)	Total	
2022	\$ 55,000	\$ 295,056	\$ 350,056	\$ -	\$ -	\$ -	\$ 350,056
2023	125,000	284,828	409,828	-	257,876	257,876	667,704
2024	215,000	280,928	495,928	110,000	279,625	389,625	885,553
2025	225,000	275,868	500,868	115,000	273,025	388,025	888,893
2026	230,000	271,248	501,248	120,000	266,125	386,125	887,373
2027	240,000	266,378	506,378	125,000	258,925	383,925	890,303
2028	245,000	261,158	506,158	135,000	251,738	386,738	892,895
2029	260,000	255,668	515,668	140,000	247,688	387,688	903,355
2030	270,000	249,428	519,428	150,000	243,488	393,488	912,915
2031	280,000	242,790	522,790	155,000	238,988	393,988	916,778
2032	285,000	235,681	520,681	165,000	234,338	399,338	920,019
2033	300,000	228,038	528,038	170,000	229,388	399,388	927,425
2034	315,000	219,613	534,613	180,000	223,863	403,863	938,475
2035	320,000	210,763	530,763	190,000	218,013	408,013	938,775
2036	335,000	201,763	536,763	200,000	211,600	411,600	948,363
2037	345,000	192,219	537,219	210,000	204,600	414,600	951,819
2038	360,000	182,394	542,394	225,000	196,200	421,200	963,594
2039	370,000	171,650	541,650	235,000	187,200	422,200	963,850
2040	385,000	160,613	545,613	245,000	177,800	422,800	968,413
2041	395,000	149,125	544,125	260,000	168,000	428,000	972,125
2042	410,000	137,181	547,181	275,000	157,600	432,600	979,781
2043	430,000	124,406	554,406	290,000	146,600	436,600	991,006
2044	445,000	111,006	556,006	305,000	135,000	440,000	996,006
2045	465,000	97,138	562,138	320,000	122,800	442,800	1,004,938
2046	480,000	82,650	562,650	335,000	110,000	445,000	1,007,650
2047	500,000	67,488	567,488	355,000	96,600	451,600	1,019,088
2048	520,000	51,688	571,688	370,000	82,400	452,400	1,024,088
2049	535,000	35,250	570,250	390,000	67,600	457,600	1,027,850
2050	390,000	18,338	408,338	410,000	52,000	462,000	870,338
2051	205,000	6,150	211,150	435,000	35,600	470,600	681,750
2052	-	-	-	455,000	18,200	473,200	473,200
	<u>\$ 9,935,000</u>	<u>\$ 5,366,496</u>	<u>\$ 15,301,496</u>	<u>\$ 7,070,000</u>	<u>\$ 5,392,876</u>	<u>\$ 12,462,876</u>	<u>\$ 27,764,372</u>

(a) Interest calculated at the rates shown on the inside cover page hereof.

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**FINANCIAL STATEMENT
(Unaudited)**

TABLE 2 – TAXABLE ASSESSED VALUE

2019 Certified Taxable Assessed Valuation	\$ 18,789,610 (a)
2020 Certified Taxable Assessed Valuation	\$ 39,731,983 (a)
2021 Certified Taxable Assessed Valuation	\$ 93,692,757 (a)
2022 Certified Taxable Assessed Valuation	\$ 153,702,360 (a)
Estimated Taxable Assessed Valuation (as of March 9, 2022).....	\$ 192,812,069 (b)
 Gross Direct Debt Outstanding	 \$ 17,005,000 (c)
 Ratio of Gross Direct Debt Outstanding to 2022 Certified Assessed Valuation	 11.06%
Ratio of Gross Direct Debt to Estimated Taxable Assessed Valuation (as of March 9, 2022).....	8.82%

(a) Assessed valuation of the District as reported by the Comal Appraisal District (“CAD”). See “TAXING PROCEDURES.”

(b) As estimated by the CAD as of March 9, 2022 for informational purposes only.

(c) Includes the Bonds. See “DEBT SERVICE REQUIREMENTS.”

TABLE 3 – UNLIMITED TAX ROAD BONDS AUTHORIZED BUT UNISSUED

Purpose	Date Authorized	Amount Authorized	Heretofore Issued	Being Issued	Unissued Balance
Water, Sewer, Drainage	11/7/2017	\$ 207,675,000	\$ -	\$ -	\$ 207,675,000
Road Improvements	11/7/2017	83,700,000	9,935,000	7,070,000	66,695,000
Refunding	11/7/2017	437,062,500	-	-	437,062,500
Total		<u>\$ 728,437,500</u>	<u>\$ 9,935,000</u>	<u>\$ 7,070,000</u>	<u>\$ 711,432,500</u>

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the “FDIC”) or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the “PFIA”) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

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ESTIMATED OVERLAPPING DEBT STATEMENT . . . Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in “Texas Municipal Reports,” published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivision overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 5/31/2022
Comal County	\$ 122,015,000	0.18%	\$ 219,627
Comal Independent School District	1,049,362,848	0.22%	2,308,598
Comal County ESD #2	-	0.41%	-
Comal County ESD #3	-	0.41%	-
Meyer Ranch MUD of Comal County	17,005,000	100.00%	<u>17,005,000</u> ^(a)
Total Direct and Overlapping Tax Supported Debt			\$ 19,533,225
Ratio of Direct and Overlapping Tax Supported Debt to 2022 Certified TAV			12.71%
Ratio of Direct and Overlapping Tax Supported Debt to Estimated March 9, 2022 TAV			10.13%

(a) Includes the Bonds.

TAX DATA

TABLE 4 – TAX RATE AND COLLECTIONS

The following statement of tax collections sets forth in condensed form the historical fiscal year tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District’s Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

Fiscal Year Ended 9/30	Tax Rate	General Operating Fund	Debt I&S Fund	Tax Levy	% Total Collections
2020	\$ 0.9500	\$ 0.9500	\$ -	\$ 178,075	99.71%
2021	0.9500	0.6000	0.3500	373,679	99.60%
2022	0.9500	0.5750	0.3750	867,694	98.23% ^(a)

(a) Fiscal year 2022 collections through June 10, 2022.

TAX RATE LIMITATION . . . The District’s tax rate for debt service on the Bonds is legally unlimited as to rate and amount.

MAINTENANCE TAX . . . The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District’s facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District’s voters. An election for such a tax was held on November 7, 2017 at which time a maintenance tax not to exceed \$1.00 per \$100 assessed valuation was approved by the District’s voters. The District adopted a 2021 tax year maintenance tax of \$0.5750.

TABLE 5 – PRINCIPAL TAXPAYERS . . . The following list of principal taxpayers was provided by the Comal Appraisal District based on the 2021 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Taxpayer	Taxable Assessed Value	% of 2021 Taxable Assessed Valuation
CCD Meyer Ranch Land LLC ^(a)	\$ 11,271,340	12.03%
TRI Pointe Homes Texas Inc.	4,858,800	5.19%
Gehan Homes Ltd.	1,925,660	2.06%
Chessmar Homes LLC	1,894,610	2.02%
Bella Vista CMI Ltd.	1,581,810	1.69%
Bella Vista CMI Ltd.	994,110	1.06%
Highland Homes-San Antonio LLC	976,980	1.04%
Bella Vista CMI Ltd.	870,630	0.93%
NAV Construction LLC	829,200	0.89%
Meyer Ranch Master Community Inc.	817,900	0.87%
	\$ 26,021,040	27.77%

(a) The Developer.

TAX ADEQUACY FOR DEBT SERVICE

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2022 Certified Taxable Assessed Valuation and utilize tax rates adequate to service the District’s total debt service requirements, including the Bonds (at an assumed interest rate for purposes of illustration). No available debt service funds are reflected in these computations. See “RISK FACTORS – Impact on District Tax Rates.”

Average Annual Debt Service Requirements on the Bonds (2022-2052).....	\$ 895,625
\$0.6134 Tax Rate on 2022 Certified Taxable Assessed Valuation of \$153,702,360 @ 95% collections	\$ 895,670
Maximum Annual Debt Service Requirements on the Bonds (2049)	\$ 1,027,850
\$0.7040 Tax Rate on 2022 Certified Taxable Assessed Valuation of \$153,702,360 @ 95% collections	\$ 1,027,961

TAXING PROCEDURES

AUTHORITY TO LEVY TAXES . . . The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, their pro rata share of debt service on any contract tax bonds and any additional bonds or obligations payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of and Security for Payment.” Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See “TAX DATA – District Bond Tax Rate Limitation,” and “TAX DATA – Maintenance Tax.”

PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . . The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

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 the county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. CCAD has the responsibility for appraising property for all taxing units within Comal County, including the District. Such appraisal values are subject to review and change by the Comal County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . General: Except for certain exemptions provided by State 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; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: 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; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Article VIII, Section 1-a of the Texas Constitution grants a \$3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the spouse of certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence 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. Also partially exempt are residence homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or such higher amount as the Board or the District's voters may approve. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

Residential Homestead . . . The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt, then the Board may continue to levy and collect taxes against the exempted value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement . . . Comal County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. As of October 17, 2017, the District has not executed any abatement agreements.

Goods-in-Transit . . . Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provisions permit local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. In February, 2008, the Board conducted a public hearing on the question of whether to provide for taxation of goods-in-transit and adopted a Resolution Providing for Taxation of Goods-in-Transit, by which the District took official action to tax goods-in-transit.

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. 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 years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the CCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the CCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the CCAD 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 CCAD chooses formally to include such values on its appraisal roll.

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 CCAD 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 values, 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 the collection functions to another governmental entity. By August 15 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due December 31, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . . Under current law, the qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent (8%). If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, operation and maintenance tax rate, and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Low Tax Rate Districts." Districts that have finished, completed and issued bonds to pay for all improvements and facilities necessary to serve at least ninety-five percent (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 are classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its operation and maintenance tax rate pursuant to SB 2 is described for each classification below.

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

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

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax 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 a rollback election is called and passes, the total tax rate for a Developing District is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District: A determination as to a district's status as a Low Tax Rate District, Developed District, or Developing District will be made on an annual basis, at the time a district sets its tax rate, beginning with the 2020 tax rate. The Board of Directors designated the District as a Developing District for the 2020 and 2021 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property on 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 STATEMENT – Estimated Overlapping Debt Statement." 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. 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 (a taxpayer may redeem residential homestead property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records other property may be redeemed by a taxpayer within 180 days of such filing) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections and Foreclosure Remedies."

EFFECT OF FIRREA ON TAX COLLECTIONS . . . The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA") contains provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary lien shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real property taxes when due and (iii) notwithstanding the failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

LEGAL MATTERS

LEGAL OPINIONS . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McLean & Howard, L.L.P., Austin, Texas ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Special Tax Counsel") that will address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

The legal fees to be paid Bond Counsel and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered, and therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Initial Purchaser 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.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst and Horton L.L.P., Special Tax Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX B – Form of Special Tax Counsel Opinion.”

In rendering its opinion, Special Tax Counsel will rely upon (a) the opinion of McLean & Howard L.L.P., Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District’s federal tax certificate, and (c) covenants of the District relating to arbitrage and the application of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for the interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included to gross income retroactively to the date of issuance of the Bonds. The opinion of Special Tax Counsel is conditioned on compliance by the District with the covenants and requirements, and Special Tax Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Special Tax Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Special Tax Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Special Tax Counsel’s opinion represents its legal judgement based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Special Tax Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii)

the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

The federal income tax consequences of the purchase, ownership, 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 the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions accumulated, all of which are subject to change or modification, retroactively.

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

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

Interest on the Bonds may be includable in a corporation’s “adjusted financial statement income” imposed by section 56A of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

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

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District covenants to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via its Electronic Municipal Market Access system at www.emma.msrb.org.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to certain information to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in tables 1 through 4 and in APPENDIX C. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, the District will file unaudited financial statements within twelve months after any such fiscal year end, and audited financial statements when the audit report becomes available.

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

NOTICE OF CERTAIN EVENTS . . . 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 within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

AVAILABILITY OF INFORMATION FROM THE MSRB . . . The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

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

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The District became obligated to file continuing disclosure in 2019. Since that time, they have complied with their continuing disclosure undertaking.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc. (the "Financial Advisor"), which firm is currently employed as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer 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.

OFFICIAL STATEMENT

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in “CONTINUING DISCLOSURE OF INFORMATION” herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the “end of the underwriting period” is the responsibility of the Initial Purchaser.

ANNUAL AUDITS . . . Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond outstanding. Copies of each audit report must also be filed in the office of the District. The District’s fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District’s audit reports to any Registered Owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

This Official Statement was approved by the Board of Directors of Meyer Ranch Municipal Utility District of Comal County, as of the date shown on the first page hereof.

/s/ Madison Inselmann
Secretary, Board of Directors
Meyer Ranch Municipal Utility District of Comal County

/s/ Tommy Tucker
President, Board of Directors
Meyer Ranch Municipal Utility District of Comal County

PHOTOGRAPHS

The homes shown in the attached photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction.

The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

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APPENDIX A

FORM OF BOND COUNSEL'S OPINION

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MCLEAN & HOWARD, L.L.P.

4301 BULL CREEK ROAD, SUITE 150

AUSTIN, TEXAS 78731

(512) 328-2008

September 13, 2022

We have acted as Bond Counsel for Meyer Ranch Municipal Utility District of Comal County (the "District") in connection with the issuance of bonds (the "Bonds") by the District described as follows:

MEYER RANCH MUNICIPAL UTILITY DISTRICT OF COMAL COUNTY UNLIMITED TAX ROAD BONDS, SERIES 2022, dated September 13, 2022, in the aggregate principal amount of \$7,070,000, bearing interest at the rate set forth in the Order authorizing the issuance of the bonds (the "Bond Order"), with such interest payable on August 15 and February 15 of each year, commencing February 15, 2023, until maturity or prior redemption, and maturing serially on August 15 in each year from 2024 through 2032, 2035 and 2036 and as Term Bonds maturing on August 15 in the years 2034, 2038, 2042, 2047 and 2052.

The Bonds maturing on or after August 15, 2028 are redeemable, in whole or in part, at the option of the District on August 15, 2027, or on any date thereafter, at a price of the par value thereof plus accrued interest to the date of redemption, in the manner provided in the Bond Order. The Bonds are registered as to both principal and interest and are transferable, registrable, and payable in the manner provided in the Bond Order.

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon certificates executed by officers, directors, agents and representatives of the District. We have assumed no responsibility with respect to the financial condition of the District or the reporting or disclosure thereof in connection with the sale of the Bonds.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the District, customary certificates of officers, agents and representatives of the District and other certified showings related to the authorization and issuance of the Bonds. We have also examined the executed Initial Bond No. T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the District has been validly created and organized and that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective; that therefore the Bonds are valid and legally binding obligations of the District; and all taxable property in the District is subject to the levy of ad valorem taxes to pay same, without legal limitation as to rate or amount.

The District has reserved the right in the Bond Order to issue additional bonds payable from ad valorem taxes on a parity with the pledge to pay the Bonds. The District has also reserved the right to issue revenue bonds, special project bonds and refunding bonds. Reference is made to the Bond Order for a complete description of the District's right to issue additional bonds.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas or any other political subdivision or agency. The District's obligations with respect to the Bonds are subject to limitation by applicable federal bankruptcy laws and other laws which may from time to time affect the rights of creditors of political subdivisions.

We express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

Our opinions are based on existing statutes, court decisions and other law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any statutes, case law or other law that may hereafter occur or become effective.

Respectfully yours,

APPENDIX B

FORM OF SPECIAL TAX COUNSEL'S OPINION

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September 13, 2022

We have acted as Special Tax Counsel in connection with the issuance and sale by the Meyer Ranch Municipal Utility District of Comal County (the "Issuer") of \$7,070,000 aggregate principal amount of its Unlimited Tax Road Bonds, Series 2022 (the "Bonds").

In connection with the issuance of the Bonds, we have reviewed the following:

- (a) the Order of the Issuer authorizing the issuance and sale of the Bonds;
- (b) schedules prepared by, and representations of, Specialized Public Finance Inc. and SAMCO Capital Markets, Inc. with respect to the issue price and yield of the Bonds and the purchase price;
- (c) the Federal Tax Certificate of the Issuer dated as of the date of this opinion;
- (d) the opinion of McLean & Howard, L.L.P. as Bond Counsel dated as of the date of this opinion;
- (e) covenants of the Issuer regarding the use of the facilities financed with the proceeds of the Bonds and the use and investment of the proceeds of the Bonds and other funds of the Issuer; and
- (f) such other documents as we deem relevant and necessary in rendering this opinion.

IN OUR OPINION, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code").

IN RENDERING THIS OPINION, we have relied upon the opinion of McLean & Howard, L.L.P. referred to in subparagraph (d) above for authority that the Bonds are validly issued under applicable state and local laws and are payable from the proceeds of ad valorem taxes levied, without legal limit as to rate or amounts, on all taxable property located within the Issuer; and the representations, opinion, certificate and covenants referred to in subparagraphs (b), (c), (e), and (f) above.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

Respectfully yours,

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APPENDIX C

Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Meyer Ranch Municipal Utility District for the fiscal year ended September 30, 2021. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Meyer Ranch Municipal Utility District
Comal County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Meyer Ranch Municipal Utility District (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.

***Board of Directors
Meyer Ranch Municipal Utility District
Comal County, Texas***

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 Meyer Ranch Municipal Utility District, 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.



Houston, Texas
February 11, 2022

Management's Discussion and Analysis

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***Meyer Ranch Municipal Utility District
Management's Discussion and Analysis
September 30, 2021***

Using this Annual Report

Within this section of the financial report of Meyer Ranch Municipal Utility District (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.

**Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021**

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 \$13,174,615. The District’s net position is negative because the District incurs debt to construct road facilities which it conveys to Comal County and water facilities which it conveys to Canyon Lake Water Service Company. Additionally, the District relies on advances from its developer to fund operating costs. 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	\$ 679,093	\$ 372,809
Capital assets	25,173,351	13,755,385
Total assets	25,852,444	14,128,194
Current liabilities	228,637	243,914
Long-term liabilities	38,798,422	22,464,583
Total liabilities	39,027,059	22,708,497
Net position		
Net investment in capital assets	(2,219,816)	(6,480,999)
Restricted	400,516	114,649
Unrestricted	(11,355,315)	(2,213,953)
Total net position	\$ (13,174,615)	\$ (8,580,303)

***Meyer Ranch Municipal Utility District
Management's Discussion and Analysis
September 30, 2021***

The total net position of the District decreased during the current fiscal year by \$4,594,312. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2021	2020
Revenues		
Property taxes	\$ 378,502	\$ 178,075
Sewer service	305,972	161,514
Other	142,775	78,324
Total revenues	<u>827,249</u>	<u>417,913</u>
Expenses		
Current service operations	899,803	1,151,994
Debt interest and fees	184,626	64,798
Developer interest	413,286	82,880
Debt issuance costs	527,710	208,521
Depreciation/amortization	620,748	381,832
Total expenses	<u>2,646,173</u>	<u>1,890,025</u>
Change in net position before other item	(1,818,924)	(1,472,112)
Other Item		
Transfers of road and water facilities	<u>(2,775,388)</u>	<u>(3,630,854)</u>
Change in net position	(4,594,312)	(5,102,966)
Net position, beginning of year	<u>(8,580,303)</u>	<u>(3,477,337)</u>
Net position, end of year	<u>\$ (13,174,615)</u>	<u>\$ (8,580,303)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of September 30, 2021, were \$549,401, which consists of \$100,065 in the General Fund, \$445,946 in the Debt Service Fund and \$3,390 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	<u>\$ 229,018</u>	<u>\$ 245,745</u>
Total liabilities	\$ 128,015	\$ 233,429
Total deferred inflows	938	523
Total fund balance	<u>100,065</u>	<u>11,793</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 229,018</u>	<u>\$ 245,745</u>

***Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021***

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

	<u>2021</u>	<u>2020</u>
Total revenues	\$ 686,809	\$ 417,172
Total expenditures	<u>(868,537)</u>	<u>(1,418,327)</u>
Revenues under expenditures	(181,728)	(1,001,155)
Other changes in fund balance	<u>270,000</u>	<u>969,975</u>
Net change in fund balance	<u>\$ 88,272</u>	<u>\$ (31,180)</u>

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 sewer services to customers within the District, tap connection fees charged to homebuilders in the District and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Sewer revenues are dependent upon the number of connections in the District, which fluctuates based on the number of occupied homes in the District, and on water usage by residents.
- Tap connection fees fluctuate with homebuilding activity within the District.
- The District’s developer advances funds to the District as needed to pay operating costs.

Debt Service Fund

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

	<u>2021</u>	<u>2020</u>
Total assets	<u>\$ 446,685</u>	<u>\$ 125,134</u>
Total liabilities	\$ 192	\$ -
Total deferred inflows	547	
Total fund balance	<u>445,946</u>	<u>125,134</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 446,685</u>	<u>\$ 125,134</u>

***Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021***

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

	<u>2021</u>	<u>2020</u>
Total revenues	\$ 139,478	\$ 216
Total expenditures	<u>(152,180)</u>	<u>(54,313)</u>
Revenues under expenditures	(12,702)	(54,097)
Other changes in fund balance	<u>333,514</u>	<u>179,231</u>
Net change in fund balance	<u>\$ 320,812</u>	<u>\$ 125,134</u>

The District’s financial resources in the Debt Service Fund in the current year are from property tax revenues and capitalized interest from the sale of bonds. During the previous fiscal year, financial resources consisted of 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.

Capital Projects Fund

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

	<u>2021</u>	<u>2020</u>
Total assets	<u>\$ 3,390</u>	<u>\$ 1,930</u>
Total fund balance	<u>\$ 3,390</u>	<u>\$ 1,930</u>

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

	<u>2021</u>	<u>2020</u>
Total revenues	\$ 1	\$ 2
Total expenditures	<u>(6,855,027)</u>	<u>(2,563,841)</u>
Revenues under expenditures	(6,855,026)	(2,563,839)
Other changes in fund balance	<u>6,856,486</u>	<u>2,565,769</u>
Net change in fund balance	<u>\$ 1,460</u>	<u>\$ 1,930</u>

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 Unlimited Tax Road Bonds and Series 2021 Unlimited Tax Road Bonds in the current year and the sale of its Series 2019 Unlimited Tax Road Bonds in the prior year.

***Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021***

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 \$88,272 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developer for the financing of the construction of capital assets within the District pursuant to which the developer finances the construction of the facilities, and the District reimburses the developer from the proceeds of bond issues or other lawfully available funds. The District does not record the capital asset and related liability until construction is complete. The initial cost is estimated based on actual construction costs plus 10-15% for engineering and other costs. The estimated cost is trued up when the developer is reimbursed.

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	\$ 4,318,466	\$ 3,031,031
Capital assets being depreciated/amortized		
Infrastructure	21,693,403	10,942,124
Leasehold improvements	277,347	277,347
	21,970,750	11,219,471
Less accumulated depreciation/amortization		
Infrastructure	(838,518)	(356,443)
Leasehold improvements	(277,347)	(138,674)
	(1,115,865)	(495,117)
Depreciable capital assets, net	20,854,885	10,724,354
Capital assets, net	\$ 25,173,351	\$ 13,755,385

Capital asset additions during the current year include the following:

- Utilities to serve Meyer Ranch, Units 5, 6 and 7
- Meyer Ranch water resource recovery facility and reuse system site package 2

***Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021***

Additionally, Comal County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. The District also conveys water projects upon completion and inspection to Canyon Lake Water Service Company (“CLWSC”) and CLWSC uses these facilities to provide water service to customers in the District. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers of road and water facilities upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended September 30, 2021, capital assets in the amount of \$2,775,388 have been recorded as “Transfers of road and water facilities” in the government-wide statements.

Long-Term Debt and Related Liabilities

As of September 30, 2021, the District owes approximately \$28,918,422 to its developer for completed projects and operating advances. As discussed in Note 6, the District has an additional commitment in the amount of \$12,165,753 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction and intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds.

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

Series	2021	2020
2019 Road	\$ 2,745,000	\$ 2,745,000
2020 Road	3,375,000	
2021 Road	3,815,000	
	\$ 9,935,000	\$ 2,745,000

During the current year, the District issued \$7,190,000 in unlimited tax road bonds. At September 30, 2021, the District had \$207,675,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$73,765,000 for road improvements and \$437,062,500 for refunding purposes.

***Meyer Ranch Municipal Utility District
Management’s Discussion and Analysis
September 30, 2021***

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 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:

	<u>2021 Actual</u>	<u>2022 Budget</u>
Total revenues	\$ 686,809	\$ 1,058,826
Total expenditures	<u>(868,537)</u>	<u>(733,262)</u>
Revenues over/(under) expenditures	(181,728)	325,564
Other changes in fund balance	<u>270,000</u>	<u> </u>
Net change in fund balance	88,272	325,564
Beginning fund balance	<u>11,793</u>	<u>100,065</u>
Ending fund balance	<u>\$ 100,065</u>	<u>\$ 425,629</u>

Property Taxes

The District’s property tax base increased approximately \$51,809,000 for the 2021 tax year from \$39,334,458 to \$91,143,414. 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 \$0.575 per \$100 of assessed value and a debt service tax rate of \$0.375 per \$100 of assessed value, for a total combined tax rate of \$0.95 per \$100. Tax rates for the 2020 tax year were \$0.60 per \$100 for maintenance and operations and \$0.35 per \$100 for debt service for a combined total of \$0.95 per \$100 of assessed value.

Basic Financial Statements

Meyer Ranch Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
September 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 111,037	\$ -	\$ -	\$ 111,037	\$ -	\$ 111,037
Investments	27,220	449,493	2,682	479,395		479,395
Taxes receivable	938	547		1,485		1,485
Receivables	86,691			86,691		86,691
Internal balances	2,647	(3,355)	708			
Prepaid items	485			485		485
Capital assets not being depreciated					4,318,466	4,318,466
Capital assets, net					20,854,885	20,854,885
Total Assets	<u>\$ 229,018</u>	<u>\$ 446,685</u>	<u>\$ 3,390</u>	<u>\$ 679,093</u>	<u>25,173,351</u>	<u>25,852,444</u>
Liabilities						
Accounts payable	\$ 68,934	\$ -	\$ -	\$ 68,934		68,934
Other payables	50,681	192		50,873		50,873
Unearned revenue	8,400			8,400		8,400
Accrued interest payable					45,430	45,430
Due to developer					28,918,422	28,918,422
Long-term debt						
Due within one year					55,000	55,000
Due after one year					9,880,000	9,880,000
Total Liabilities	<u>128,015</u>	<u>192</u>	<u></u>	<u>128,207</u>	<u>38,898,852</u>	<u>39,027,059</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>938</u>	<u>547</u>	<u></u>	<u>1,485</u>	<u>(1,485)</u>	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	485			485	(485)	
Restricted		445,946	3,390	449,336	(449,336)	
Unassigned	<u>99,580</u>	<u></u>	<u></u>	<u>99,580</u>	<u>(99,580)</u>	
Total Fund Balances	<u>100,065</u>	<u>445,946</u>	<u>3,390</u>	<u>549,401</u>	<u>(549,401)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 229,018</u>	<u>\$ 446,685</u>	<u>\$ 3,390</u>	<u>\$ 679,093</u>		
Net Position						
Net investment in capital assets					(2,219,816)	(2,219,816)
Restricted for debt service					400,516	400,516
Unrestricted					(11,355,315)	(11,355,315)
Total Net Position					<u>\$(13,174,615)</u>	<u>\$(13,174,615)</u>

See notes to basic financial statements.

Meyer Ranch Municipal Utility District
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	Adjustments	Statement of Activities
Revenues						
Sewer service	\$ 305,972	\$ -	\$ -	\$ 305,972	\$ -	\$ 305,972
Penalties and interest - service	3,311			3,311		3,311
Property taxes	238,639	138,902		377,541	961	378,502
Penalties and interest - taxes	872	439		1,311		1,311
Tap connection and inspection	121,200			121,200		121,200
Miscellaneous	16,791	14		16,805		16,805
Investment earnings	24	123	1	148		148
Total Revenues	686,809	139,478	1	826,288	961	827,249
Expenditures/Expenses						
Current service operations						
Purchased services	9,122			9,122		9,122
Professional fees	89,865	1,105	28,768	119,738		119,738
Contracted services	278,496	1,393		279,889		279,889
Repairs and maintenance	308,249			308,249		308,249
Lease	145,950			145,950		145,950
Administrative	35,648			35,648		35,648
Other	1,207			1,207		1,207
Capital outlay			5,885,263	5,885,263	(5,885,263)	
Debt service						
Interest and fees		149,682		149,682	34,944	184,626
Developer interest			413,286	413,286		413,286
Debt issuance costs			527,710	527,710		527,710
Depreciation/amortization					620,748	620,748
Total Expenditures/Expenses	868,537	152,180	6,855,027	7,875,744	(5,229,571)	2,646,173
Revenues Under Expenditures/ Expenses	(181,728)	(12,702)	(6,855,026)	(7,049,456)	(7,049,456)	(1,818,924)
Other Financing Sources						
Proceeds from sale of bonds		333,514	6,856,486	7,190,000	(7,190,000)	
Developer advances	270,000			270,000	(270,000)	
Other Item						
Transfers of road and water facilities					(2,775,388)	(2,775,388)
Net Change in Fund Balances	88,272	320,812	1,460	410,544	(410,544)	
Change in Net Position					(4,594,312)	(4,594,312)
Fund Balance/Net Position						
Beginning of the year	11,793	125,134	1,930	138,857	(8,719,160)	(8,580,303)
End of the year	\$ 100,065	\$ 445,946	\$ 3,390	\$ 549,401	\$(13,724,016)	\$(13,174,615)

See notes to basic financial statements.

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Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Meyer Ranch Municipal Utility District (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

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated October 11, 2016, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 3, 2017, and the first bonds were issued on December 17, 2019.

The District’s primary activities include construction of water, sewer, drainage and road facilities. As further discussed in Note 9, the District transfers the road facilities to Comal County and water facilities to Canyon Lake Water Service Company for operation and maintenance upon completion of construction. 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:

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

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 \$50,000 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 wastewater and drainage facilities and leasehold improvements, are depreciated/amortized using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Leasehold improvements	Life of lease

The District’s storm water retention 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.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 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 sewer revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to Comal County and Canyon Lake Water Service Company and the value of capital assets for which the developer has 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.

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

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	\$	549,401
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	\$	26,289,216
Less accumulated depreciation/amortization		<u>(1,115,865)</u>
Change due to capital assets		25,173,351
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net		(9,935,000)
Interest payable on bonds		<u>(45,430)</u>
Change due to long-term debt		(9,980,430)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .		(28,918,422)
Property taxes that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.		1,485
Total net position - governmental activities	<u>\$</u>	<u>(13,174,615)</u>

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

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	\$	410,544
<p>Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes.</p>		
		961
<p>Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the <i>Statement of Activities</i>, the cost of capital assets is charged to expense over the estimated useful life of the asset.</p>		
Capital outlays	\$	5,885,263
Depreciation/amortization expense		<u>(620,748)</u>
		5,264,515
<p>Road improvements and water utilities constructed by the District's developer are not capital assets to the District and are recorded as an expense in the <i>Statement of Activities</i>.</p>		
		(2,775,388)
<p>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.</p>		
Issuance of long term debt		(7,190,000)
Interest expense accrual		<u>(34,944)</u>
		(7,224,944)
<p>Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the <i>Statement of Net Position</i>.</p>		
		(270,000)
Change in net position of governmental activities	<u>\$</u>	<u>(4,594,312)</u>

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

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	\$ 27,220	AAAm	37 days
	Debt Service	449,493		
	Capital Projects	2,682		
		<u>\$ 479,395</u>		

*Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021*

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 3,355	Maintenance tax collections and Debt Service Fund expenditures due to the General Fund
Capital Projects Fund	General Fund	708	Proceeds from the sale of bonds in excess of 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.

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

Note 5 – Capital Assets

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

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 3,031,031	\$ 1,287,435	\$ 4,318,466
Capital assets being depreciated/amortized			
Infrastructure	10,942,124	10,751,279	21,693,403
Leasehold improvements	277,347		277,347
	<u>11,219,471</u>	<u>10,751,279</u>	<u>21,970,750</u>
Less accumulated depreciation/amortization			
Infrastructure	(356,443)	(482,075)	(838,518)
Leasehold improvements	(138,674)	(138,673)	(277,347)
	<u>(495,117)</u>	<u>(620,748)</u>	<u>(1,115,865)</u>
Subtotal depreciable capital assets, net	<u>10,724,354</u>	<u>10,130,531</u>	<u>20,854,885</u>
Capital assets, net	<u>\$ 13,755,385</u>	<u>\$ 11,417,966</u>	<u>\$ 25,173,351</u>

Depreciation/amortization expense for the current year was \$620,748.

Note 6 – Due to Developer

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

The District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	\$ 19,719,583
Developer reimbursements	(5,885,263)
Developer funded construction	14,814,102
Operating advances from developer	270,000
Due to developer, end of year	<u>\$ 28,918,422</u>

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

Note 6 – Due to Developer (continued)

In addition, the District will owe the developer approximately \$12,165,753, 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
Meyer Ranch, Units 8 and 9 - utilities and paving	\$ 9,234,647	\$ 3,841,302	\$ 5,393,345
Meyer Ranch, Unit 10 - utilities and paving	2,931,106	1,363,288	1,567,818
	<u>\$ 12,165,753</u>	<u>\$ 5,204,590</u>	<u>\$ 6,961,163</u>

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 9,935,000</u>
Due within one year	<u>\$ 55,000</u>

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
2019 Road	\$ 2,745,000	\$ 2,745,000	2.00% - 3.25%	August 15, 2022/2049	February 15, August 15	August 15, 2025
2020 Road	3,375,000	3,375,000	2.00% - 4.00%	August 15, 2023/2050	February 15, August 15	August 15, 2026
2021 Road	3,815,000	3,815,000	2.00% - 3.00%	August 15, 2024/2051	February 15, August 15	August 15, 2026
	<u>\$ 9,935,000</u>					

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

At September 30, 2021, the District had authorized but unissued bonds in the amount of \$207,675,000 for water, sewer and drainage facilities; \$73,765,000 for road facilities; and \$437,062,500 for refunding purposes.

*Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021*

Note 7 – Long-Term Debt (continued)

On December 16, 2020, the District issued its \$3,375,000 Series 2020 Unlimited Tax Road Bonds at a net effective interest rate of 3.256571%. Proceeds of the bonds were used to 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 and to pay capitalized interest into the Debt Service Fund.

On July 13, 2021, the District issued its \$3,815,000 Series 2021 Unlimited Tax Road Bonds at a net effective interest rate of 2.980230%. Proceeds of the bonds were used to 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 and 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	\$	2,745,000
Bonds issued		<u>7,190,000</u>
Bonds payable, end of year	\$	<u><u>9,935,000</u></u>

Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021

Note 7 – Long-Term Debt (continued)

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

Year	Principal	Interest	Totals
2022	\$ 55,000	\$ 295,055	\$ 350,055
2023	125,000	284,827	409,827
2024	215,000	280,927	495,927
2025	225,000	275,867	500,867
2026	230,000	271,247	501,247
2027	240,000	266,377	506,377
2028	245,000	261,157	506,157
2029	260,000	255,667	515,667
2030	270,000	249,428	519,428
2031	280,000	242,790	522,790
2032	285,000	235,681	520,681
2033	300,000	228,037	528,037
2034	315,000	219,612	534,612
2035	320,000	210,762	530,762
2036	335,000	201,762	536,762
2037	345,000	192,219	537,219
2038	360,000	182,395	542,395
2039	370,000	171,650	541,650
2040	385,000	160,613	545,613
2041	395,000	149,126	544,126
2042	410,000	137,181	547,181
2043	430,000	124,406	554,406
2044	445,000	111,007	556,007
2045	465,000	97,138	562,138
2046	480,000	82,650	562,650
2047	500,000	67,488	567,488
2048	520,000	51,688	571,688
2049	535,000	35,251	570,251
2050	390,000	18,338	408,338
2051	205,000	6,150	211,150
	<u>\$ 9,935,000</u>	<u>\$ 5,366,496</u>	<u>\$ 15,301,496</u>

Note 8 – Property Taxes

On November 7, 2017, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.00 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.

***Meyer Ranch Municipal Utility District
Notes to Financial Statements
September 30, 2021***

Note 8 – Property Taxes (continued)

All property values and exempt status, if any, are determined by the Comal 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 \$0.95 per \$100 of assessed value, of which \$0.60 was allocated to maintenance and operations and \$0.35 was allocated to debt service. The resulting tax levy was \$373,679 on the adjusted taxable value of \$39,334,458.

Note 9 – Transfers of Road and Water Facilities

Comal County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered capital assets of Comal County, not the District. The District also constructs water facilities that are not used by the District to provide services and are, therefore, not considered assets of the District. The estimated cost of these road projects and water facilities is recorded as transfers upon completion of construction. This estimated cost is trueed-up when the developer is subsequently reimbursed. For the year ended September 30, 2021, the District recorded "Transfers of road and water facilities" in the amount of \$2,775,388 for road and water facilities constructed by a developer within the District. See Note 11 for more detail on the conveyance of water facilities.

Note 10 – Lease Agreement

On January 31, 2020, the District has entered into an operating lease agreement for a temporary wastewater treatment plant and generator. This lease is for a 9-month term, effective April 1, 2020, unless otherwise terminated. The District has the option to extend the lease on a month-to-month basis following expiration of the term. Total costs for the lease for the fiscal year ended September 30, 2021 was \$145,950. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. The lease agreement expired on January 31, 2021.

Note 11 – Utility Agreement with Canyon Lake Water Service Company

On October 4, 2016, the District entered into an agreement, as subsequently amended, with Canyon Lake Water Service Company ("CLWSC"). Pursuant to the terms of this agreement, the District is required to construct water facilities to serve customers within the service area. CLWSC is responsible for the operation and maintenance of the water system and is entitled to all revenues derived from the operation of the water system. Accordingly, water facilities constructed by the District are not considered capital assets of the District and, as components of the water system are completed, the District records the cost of the facilities as transfers on the *Statement of Activities*.

Note 12 – Water Facilities Lease Purchase Agreement

On August 20, 2019, the District entered into an agreement with CLWSC for the conveyance of water facilities. The District agrees to lease water facilities to CLWSC until the date that any bonds issued by the District to finance the facilities are no longer outstanding, the dissolution of the District, or the District conveys the facilities to CLWSC. At this point, these facilities will be considered owned by CLWSC. During this lease period, CLWSC will maintain and operate the water facilities for the District.

Note 13 – Risk Management

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

Note 14 – Economic Dependency

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

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Required Supplementary Information

*Meyer Ranch Municipal Utility District
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended September 30, 2021*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Sewer service	\$ 279,030	\$ 305,972	\$ 26,942
Penalties and interest - service		3,311	3,311
Property taxes	238,392	238,639	247
Penalties and interest - taxes		872	872
Tap connection and inspection	79,200	121,200	42,000
Miscellaneous	5,940	16,791	10,851
Investment earnings		24	24
Total Revenues	<u>602,562</u>	<u>686,809</u>	<u>84,247</u>
Expenditures			
Current service operations			
Purchased services		9,122	(9,122)
Professional fees	106,900	89,865	17,035
Contracted services	299,932	278,496	21,436
Repairs and maintenance	57,600	308,249	(250,649)
Lease	189,875	145,950	43,925
Administrative	25,300	35,648	(10,348)
Other	1,200	1,207	(7)
Total Expenditures	<u>680,807</u>	<u>868,537</u>	<u>(187,730)</u>
Revenues Under Expenditures	(78,245)	(181,728)	(103,483)
Other Financing Sources			
Developer advances	78,245	270,000	191,755
Net Change in Fund Balance	-	88,272	88,272
Fund Balance			
Beginning of the year	11,793	11,793	
End of the year	<u>\$ 11,793</u>	<u>\$ 100,065</u>	<u>\$ 88,272</u>

*Meyer Ranch Municipal Utility District
Notes to Required Supplementary Information
September 30, 2021*

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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APPENDIX D

Specimen Municipal Bond Insurance Policy

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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



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES