

OFFICIAL STATEMENT DATED NOVEMBER 16, 2023

*Delivery of the Bonds is subject to the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, to the effect that 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.*

**THE DISTRICT HAS DESIGNATED THE BONDS AS QUALIFIED  
TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS – Qualified Tax-Exempt Obligations  
for Financial Institutions" herein.**

NEW ISSUE – Book-Entry-Only

Rating:  
S&P: "AA" (Stable Outlook)/Insured  
Insurance: BAM

\$3,195,000

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 19C  
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)  
UNLIMITED TAX BONDS, SERIES 2023A**

**Dated: December 13, 2023**

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

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

**PAYMENT TERMS . . .** Interest on the Bonds will accrue from the Date of Initial Delivery, will be payable August 15, 2024 and each February 15 and August 15 thereafter until the earlier of maturity or 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/registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of the District and are not obligations of the City of Liberty Hill, Texas; Liberty Hill Independent School District, Williamson County, Texas; the State of Texas; 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. See "THE BONDS – Source of and Security for Payment." THE BONDS ARE SUBJECT TO RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS" herein.



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (see "BOND INSURANCE").

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**CUSIP PREFIX: 97001S  
MATURITY SCHEDULE  
See inside cover page**

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**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, 2030 in whole or from time to time in part, on August 15, 2029, 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 2030, 2032, 2034, 2036, 2038, 2048, 2050 and 2053 are subject to mandatory sinking fund redemption. See "THE BONDS – Mandatory Sinking Fund Redemption."

**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 the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel.

**DELIVERY . . .** Delivery of the Bonds is expected through the facilities of DTC on December 13, 2023 (the "Date of Initial Delivery").

## MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate <sup>(a)</sup>	Initial Yield <sup>(b)</sup>	CUSIP Numbers <sup>(c)</sup>
2026	\$ 50,000	7.250%	4.000%	97001SBE2
2027	50,000	7.250%	4.000%	97001SBF9
2028	55,000	7.250%	4.000%	97001SBG7
***	***	***	***	***
2039	100,000	4.750%	4.800%	97001SBT9
2040	105,000	4.750%	4.850%	97001SBU6
2041	110,000	4.750%	4.880%	97001SBV4
2042	120,000	4.750%	4.900%	97001SBW2
2043	125,000	4.750%	4.920%	97001SBX0
2044	135,000	4.750%	4.940%	97001SBY8
2045	140,000	4.750%	4.960%	97001SBZ5
2046	150,000	4.750%	4.980%	97001SCA9

**\$120,000 7.250%<sup>(a)</sup> Term Bonds due August 15, 2030 Priced to Yield 4.050%<sup>(b)(d)</sup> – 97001SBJ1<sup>(c)</sup>**  
**\$135,000 7.125%<sup>(a)</sup> Term Bonds due August 15, 2032 Priced to Yield 4.150%<sup>(b)(d)</sup> – 97001SBL6<sup>(c)</sup>**  
**\$145,000 5.000%<sup>(a)</sup> Term Bonds due August 15, 2034 Priced to Yield 4.300%<sup>(b)(d)</sup> – 97001SBN2<sup>(c)</sup>**  
**\$165,000 5.000%<sup>(a)</sup> Term Bonds due August 15, 2036 Priced to Yield 4.500%<sup>(b)(d)</sup> – 97001SBQ5<sup>(c)</sup>**  
**\$185,000 4.750%<sup>(a)</sup> Term Bonds due August 15, 2038 Priced to Yield 4.750%<sup>(b)</sup> – 97001SBS1<sup>(c)</sup>**  
**\$320,000 4.875%<sup>(a)</sup> Term Bonds due August 15, 2048 Priced to Yield 5.000%<sup>(b)</sup> – 97001SCC5<sup>(c)</sup>**  
**\$360,000 5.000%<sup>(a)</sup> Term Bonds due August 15, 2050 Priced to Yield 4.950%<sup>(b)(d)</sup> – 97001SCE1<sup>(c)</sup>**  
**\$625,000 5.000%<sup>(a)</sup> Term Bonds due August 15, 2053 Priced to Yield 5.000%<sup>(b)</sup> – 97001SCH4<sup>(c)</sup>**

**(Interest accrues from the Date of Initial Delivery)**

- (a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of approximately 97.010% of par, resulting in a net effective interest rate to the District of 5.134316%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser (as herein defined). The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P FactSet Research Systems, Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Initial Purchaser, the District, or the Financial Advisor are responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part, as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.
- (d) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2029, the first optional redemption date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

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

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

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor, for further information.

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

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES 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.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

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

\*The other developer currently active within the District, Pulte Homes of Texas, LP, is a wholly-owned subsidiary of PulteGroup, Inc., a publicly traded company whose stock is listed on the New York Stock Exchange. See “THE DEVELOPERS.”

## **SALE AND DISTRIBUTION OF THE BONDS**

**AWARD OF THE BONDS . . .** After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the “Initial Purchaser”) to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of approximately 97.010% of par. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

**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. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

**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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration 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.

The statements contained in the Official Statement and in other information provided by the District that are not purely historical are forward-looking statements, including regarding the District’s expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in the Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See “RISK FACTORS – Forward-Looking Statements.”

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

## **MUNICIPAL BOND RATING AND INSURANCE**

The Bonds are expected to be rated “AA”/Stable Outlook by S&P Global Ratings (“S&P”) by virtue of a municipal bond insurance policy issued by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “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 DISTRICT**..... Williamson County Municipal Utility District No. 19C (the “District”) is a municipal utility district that was created by the division of Williamson County Municipal Utility District No. 19B (“MUD 19B”) pursuant to an order adopted by the Board of Directors of MUD 19B dated February 7, 2018. MUD 19B was created by the division of Williamson County Municipal Utility District No. 19A (“MUD 19A”) pursuant to an order adopted by the Board of Directors of MUD 19A on July 24, 2013. MUD 19A was created by the division of Williamson County Municipal Utility District 19 (“MUD 19”) pursuant to an order adopted by the Board of Directors of MUD 19 on February 15, 2011. MUD 19 was created by a special act of the 79th Legislature of the State of Texas, Regular Session, Acts 2005, 79th Leg., Ch. 1328, now codified as Chapter 8134, Special District Local Laws Code (the “Act”), as a conservation and reclamation district under Section 59, Article XVI, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and pursuant to a confirmation election held within MUD 19 on November 7, 2006. Section 8134.103 of the Act provided MUD 19 and, upon their creation by division, MUD 19A, MUD 19B, and the District with the authority to divide without an election upon the consent of all landowners within the dividing district.

At the time of its creation by division of MUD 19B on February 7, 2018, the District contained 2,092.77 acres of land. By order dated March 29, 2018, the District excluded 109.892 acres of land and by order dated February 24, 2020, the District excluded an additional 70.181 acres of land, following which the acreage of the District contained 1,912.695 acres of land. By order dated March 23, 2020, the District divided into a revised original district containing 403.778 acres, and two new districts: Williamson Municipal Utility District No. 19D containing 193.789 acres and Williamson Municipal Utility District No. 19E containing 1,315.117 acres. By order dated November 2, 2021, the District annexed 84.70 acres; following this annexation, the District’s boundaries contained 488.48 acres. The purposes of the District are to provide water, wastewater and drainage facilities and services to the land within its boundaries. See “THE DISTRICT – General.”

**LOCATION**..... The District, which encompasses approximately 488.478 acres of land, is located approximately 5 miles east of the central business district of the City of Liberty Hill and 3 miles north of the intersection of Ronald Reagan Blvd. and State Highway 29 in western Williamson County. Access to the District is provided by Ronald Reagan Blvd. to Tower Road. The District is located entirely within the extraterritorial jurisdiction of the City of Liberty Hill, Texas. See “THE DISTRICT – Location.”

**THE DEVELOPERS**..... The developers currently active in the District are SRFV Development, LLC, a Texas limited liability company (“SRFV”), and Pulte Homes of Texas, LP, a Texas limited partnership (“Pulte,” and together with SRFV, the “Developers”). SRFV is wholly owned by Mariner Residential Recovery Fund, LLC, a Delaware limited liability company, Mariner Residential Recovery Fund A, LLC, a Delaware limited liability company (collectively, “Mariner”) and MREM Texas Manager, LLC, a Delaware limited liability company (“MREM”). SRFV’s manager is MREM. Certain land within the District, including acreage planned for future commercial development, is owned by Santa Rita Commercial, LLC, and Santa Rita Investments, LLC, both Texas limited liability companies affiliated with SRFV and also owned by Mariner. See “THE DEVELOPERS – Description of Developers,” “THE DISTRICT – Current Status of Development,” and “APPENDIX A – Unaudited Financial Statement of SRFV Development, LLC.”

**DEVELOPMENT WITHIN THE DISTRICT** ..... As of September 30, 2023, out of the 488.48 acres located within the District, approximately 205.42 acres have been developed with utility facilities. As of September 30, 2023, the District contains approximately 233.10 acres that are developable but currently undeveloped, and 49.96 acres intended for right-of-way for Ronald Reagan Boulevard. As of September 30, 2023, the following sections have been developed with utility facilities: Santa Rita Ranch Phase 2A, Section 1 (18.77 acres of amenity center, public utility easements, and roadways), Santa Rita Ranch Phase 2A, Section 2 (3.14 acres with 9 single family lots), Santa Rita Ranch Phase 2A, Section 3 (42.20 acres with 107 single family lots), Santa Rita Ranch Phase 2A, Section 4 (35.33 acres with 60 single family lots), Santa Rita Ranch Phase 2A, Section 5 (26.77 acres with 77 single family lots), and Saddleback at Santa Rita Ranch Phase 1, Section 1 (79.21 acres with 222 single family lots). As of September 30, 2023, the development in the District consisted of 475 developed single family lots, 103 completed homes, 74 homes under construction, and 298 vacant single family lots. See “THE DISTRICT – Current Status of Development.”

**HOMEBUILDERS** ..... According to the Developers, the homebuilders currently active within the District include: Toll Brothers Homes, GFO Homes, and Pulte Homes. The homes range in price from approximately \$400,000 to \$675,000, with square footage ranging from approximately 1,700 to 4,000. See “THE DEVELOPERS – Homebuilders within the District.”

**THE BONDS**

**DESCRIPTION** ..... The Bonds in the aggregate principal amount of \$3,195,000 mature in varying amounts on August 15 of each year from 2026 through 2053 as set forth on the inside cover page hereof. Interest accrues from the Date of Initial Delivery of the Bonds and is payable August 15, 2024 and each February 15 and August 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, 2030, in whole or from time to time in part, on August 15, 2029, 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 2030, 2032, 2034, 2036, 2038, 2048, 2050 and 2053 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 City of Liberty Hill; Liberty Hill Independent School District; Williamson 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 second installment of bonds issued by the District. See “FINANCIAL STATEMENT – Outstanding Bonds.”

**AUTHORITY FOR ISSUANCE** ..... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including the Act, Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on May 1, 2021; the approving order of the TCEQ; and an 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** ..... The proceeds of the Bonds will be used to finance the District’s share of (i) water impact fees, (ii) wastewater impact fees, and (iii) water reservation fees. The remaining Bond proceeds will be used to pay: (i) capitalized interest; (ii) developer interest; and (iii) costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth under the heading "USE AND DISTRIBUTION OF BOND PROCEEDS." Of the proceeds to be received from the sale of the Bonds, \$2,243,128 is estimated to be required for construction costs, and \$951,872 is estimated to be required for non-construction costs.

<b>BONDS AUTHORIZED BUT UNISSUED</b> .....	At an election held within the District on May 1, 2021, the voters within the District approved the issuance of \$144,000,000 in unlimited ad valorem tax bonds for water, wastewater and drainage (utility) facilities. After the sale of the Bonds, the District will have \$137,625,000 remaining in authorized but unissued utility unlimited ad valorem tax bonds. The District voters, at the election held within the District on May 1, 2021, also authorized the issuance of \$216,000,000 in unlimited ad valorem tax refunding bonds, all of which remain authorized but unissued. See "FINANCIAL STATEMENT – Outstanding Bonds" and "THE BONDS – Issuance of Additional Debt."
<b>MUNICIPAL BOND RATING AND INSURANCE</b> ....	The Bonds are expected to be rated "AA"/Stable Outlook by S&P Global Ratings ("S&P") by virtue of a municipal bond insurance policy issued by Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") at the time of delivery of the Bonds. See "BOND INSURANCE" and "BOND INSURANCE RISKS."
<b>QUALIFIED TAX-EXEMPT OBLIGATIONS</b> .....	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 2023 is not reasonably expected to exceed \$10,000,000. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."
<b>BOND COUNSEL AND DISCLOSURE COUNSEL</b> ...	McCall, Parkhurst & Horton L.L.P., Austin, Texas
<b>GENERAL COUNSEL</b> .....	Armbrust & Brown, PLLC, Austin, Texas
<b>FINANCIAL ADVISOR</b> .....	Specialized Public Finance Inc., Austin, Texas
<b>ENGINEER</b> .....	Carlson, Brigance & Doering, Inc., 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 October 19, 2023)**

2021 Certified Taxable Assessed Valuation .....	\$ 6,614,907 (a)
2022 Certified Taxable Assessed Valuation .....	\$ 14,589,798 (a)
2023 Certified Taxable Assessed Valuation .....	\$ 55,242,259 (a)
Estimated Taxable Assessed Valuation (as of June 1, 2023) .....	\$ 95,580,000 (b)
Gross Debt Outstanding of the District (after issuance of the Bonds) .....	\$ 6,375,000 (c)
Ratio of Gross Debt to 2023 Certified Taxable Assessed Valuation.....	11.54%
2023 Tax Rate:	
Debt Service.....	\$ 0.6211
Maintenance.....	<u>0.2289</u>
Total 2023 Tax Rate.....	\$ 0.8500 (d)
Operating Fund Balance (unaudited as of October 19, 2023) .....	\$ 243,025
Debt Service Fund Balance (unaudited as of October 19, 2023) .....	\$ 314,831 (e)
Capital Project Fund Balance (unaudited as of October 19, 2023) .....	\$ 198,418
Average Annual Debt Service Requirement of the Bonds and Outstanding Bonds ("Average Requirement") (2024-2053) .....	\$ 420,375 (c)
Tax Rate required to pay Average Requirement based upon 2023 Certified Taxable Assessed Valuation at 95% collections .....	\$ 0.8011/\$100 AV
Maximum Annual Debt Service Requirement of the Bonds and Outstanding Bonds ("Maximum Requirement") (2053) .....	\$ 477,456 (c)
Tax Rate required to pay Maximum Requirement based upon 2023 Certified Taxable Assessed Valuation at 95% collections .....	\$ 0.9098/\$100 AV
Number of homes and lots as of September 30, 2023:	
Completed Homes.....	103
Homes Under Construction.....	74
Vacant Single family Lots.....	298
Estimated Population as of September 30, 2023 .....	361 <sup>(f)</sup>

- (a) Certified Taxable Assessed Valuation of the District as provided by the Williamson Central Appraisal District ("WCAD"). See "TAXING PROCEDURES."
- (b) The Estimated Taxable Assessed Valuation as of June 1, 2023, as provided by WCAD. Taxes are levied based on value as certified by WCAD as of January 1 of each year. Consequently, this estimate will not be used to procure tax revenues for the District.
- (c) Includes the Bonds.
- (d) See "TAXING PROCEDURES."
- (e) Unaudited as of October 19, 2023. Does not include the approximately 24 months of capitalized interest to be deposited in the Debt Service Fund from the proceeds of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular balance in the District's Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (f) Based upon 3.5 residents per completed single family home.

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**OFFICIAL STATEMENT**  
relating to

**\$3,195,000**

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 19C**  
*(A Political Subdivision of the State of Texas Located in Williamson County, Texas)*  
**UNLIMITED TAX BONDS, SERIES 2023A**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by Williamson County Municipal Utility District No. 19C (the “District”), a political subdivision of the State of Texas (the “State”), of its \$3,195,000 Unlimited Tax Bonds, Series 2023A (the “Bonds”).

The Bonds are issued pursuant to an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the “Bond Order”), pursuant to Article XVI, Section 59 of the Constitution and the general laws of the State, including a special act of the 79th Legislature of the State of Texas, Regular Session, Acts 2005, 79th Leg., Ch. 1328, now codified as Chapter 8134 of the Texas Special District Local Laws Code (the “Act”) relating to creation of Williamson County Municipal Utility District No. 19 from which the District was created by division, Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on May 1, 2021; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”). The District is a municipal utility district that was created by the division of Williamson County Municipal Utility District No. 19B (“MUD 19B”), pursuant to an order adopted by the Board of Directors of MUD 19B on February 7, 2018. MUD 19B was created by the division of Williamson County Municipal Utility District No. 19A (“MUD 19A”) pursuant to an order adopted by the Board of Directors of MUD 19A on July 24, 2013. MUD 19A was created by the division of Williamson County Municipal Utility District No. 19 (“MUD 19”) pursuant to order adopted by the Board of Directors of MUD 19 on February 15, 2011. MUD 19 was created by a special act of the 79th Legislature of the State of Texas, Regular Session, Acts 2005, 79th Leg., Ch. 1328, now codified as Chapter 8134, Special District Local Laws Code (the “Act”), as a conservation and reclamation district under Section 59, Article XVI, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and pursuant to a confirmation election held within MUD 19 on November 7, 2006. Section 8134.103 of the Act provided MUD 19 and, upon their creation by division, MUD 19A, MUD 19B, and the District with the authority to divide without an election upon the consent of all landowners within the dividing district.

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 Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas, 78701 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.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District undertaking to provide certain information on a continuing basis.

**THE BONDS**

**GENERAL DESCRIPTION . . .** The Bonds will bear interest from the Date of Initial Delivery 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 August 15, 2024 and each February 15 and August 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 Bonds maturing on and after August 15, 2030 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 15, 2029, or on any date thereafter, in integral multiples of \$5,000, at a

redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

**MANDATORY SINKING FUND REDEMPTION . . .** The Bonds maturing on August 15 in the years 2030, 2032, 2034, 2036, 2038, 2048, 2050 and 2053 (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:

<u>Term Bonds Due August 15, 2030</u>		<u>Term Bonds Due August 15, 2032</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2029	\$ 60,000	August 15, 2031	\$ 65,000
August 15, 2030*	60,000	August 15, 2032*	70,000

<u>Term Bonds Due August 15, 2034</u>		<u>Term Bonds Due August 15, 2036</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2033	\$ 70,000	August 15, 2035	\$ 80,000
August 15, 2034*	75,000	August 15, 2036*	85,000

<u>Term Bonds Due August 15, 2038</u>		<u>Term Bonds Due August 15, 2048</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2037	\$ 90,000	August 15, 2047	\$ 155,000
August 15, 2038*	95,000	August 15, 2048*	165,000

<u>Term Bonds Due August 15, 2050</u>		<u>Term Bonds Due August 15, 2053</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
August 15, 2049	\$ 175,000	August 15, 2051	\$ 195,000
August 15, 2050*	185,000	August 15, 2052	210,000
		August 15, 2053*	220,000

\*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 Optional Redemption . . .* At least 30 calendar days prior to the date fixed for any optional 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 optional redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45<sup>th</sup> calendar day prior to such redemption date and to the Municipal Security Rulemaking Board (“MSRB”) through its electronic municipal market access system (“EMMA”).

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.

*Conditional Notice . . .* 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.

**SELECTION OF BONDS FOR REDEMPTION . . .** If less than all of the Bonds are called for optional redemption, the particular maturities, or sinking fund installments in the case of Term Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment in the case of Term Bonds, is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate and such sinking fund installment in the case of Term Bonds shall be selected by lot or other customary random method or as otherwise required in accordance with the arrangements between the District and the securities depository.

**DTC REDEMPTION PROVISION . . .** The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of optional 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 (“Book-Entry-Only-System”). 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 Austin, 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 fifteenth (15th) (whether or not a business day) calendar day of the month 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 optional 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 May 1, 2021, voters within the District authorized the issuance of a total of \$144,000,000 in unlimited ad valorem tax bonds for water, wastewater and drainage facilities. The Bonds constitute the second installment of bonds issued by the District. After the sale of the Bonds, \$137,625,000 principal amount of District unlimited ad valorem tax bonds will remain authorized but unissued for water, wastewater and drainage facilities. The District's voters, at the election held within the District on May 1, 2021, also authorized the issuance of \$216,000,000 in unlimited ad valorem tax refunding bonds, all of which remain authorized but unissued. The Bonds are issued pursuant to the terms and provisions of the Bond Order, the Act, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of the TCEQ dated October 2, 2023.

**SOURCE OF AND SECURITY FOR PAYMENT . . .** The Bonds will be payable from and secured by a pledge of the proceeds of an 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 and any District ad valorem tax bonds issued in the future from voted authorization. The Bond Order provides for the termination of the pledge of taxes when and if the City of Liberty Hill ("Liberty Hill") annexes and dissolves the District and assumes all debts and liabilities of the District. See "THE BONDS – Annexation."

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

**FLOW OF FUNDS . . .** The Bond Order creates or confirms the creation 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 capitalized interest on the Bonds, if any, (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 and the future outstanding 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 water, wastewater and drainage facilities as approved by TCEQ, then it is in the discretion of the Board of Directors of the District may transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

**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/registrars will be sent by the District or the successor paying agent/registrars to each registered owner by first-class mail, postage prepaid.

**DEFEASANCE OF OUTSTANDING BONDS . . . General . . .** The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of ad valorem 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 optional 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 or verification agent 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.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

**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 Bond.

**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.

**RECORD DATE . . .** The Record Date for any interest payable on any interest payment date means the close of business on the last day of the preceding month (whether or not a business day).

**ISSUANCE OF ADDITIONAL DEBT . . .** The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, in certain instances with the approval of the TCEQ and, in the case of bonds payable from ad valorem taxes, the District's voters. On May 1, 2021, voters within the District authorized the issuance of unlimited ad valorem tax bonds in the principal amount of \$144,000,000 for the purpose of providing water, wastewater, and drainage facilities to meet the needs of the residents and customers of the District. Following the issuance of the Bonds, \$137,625,000 in unlimited ad valorem tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater and drainage facilities. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." The District's voters, at the election held within the District on May 1, 2021, also authorized the issuance of \$216,000,000 in unlimited ad valorem tax refunding bonds, all of which remain authorized but unissued. 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."

According to the District's Engineer, the remaining \$137,625,000 in aggregate principal amount of bonds authorized but unissued (following the issuance of the Bonds) should be sufficient to reimburse the Developers for the water, wastewater and drainage facilities required for development of additional utility facilities within 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 to issue revenue bonds and notes, without voter approval. 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 additional bonds 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 noncompliance 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 April 1, 2016, the Texas Supreme Court rules in *Wasson Interest, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) (“*Wasson I*”), that governmental immunity does not imbue a city with derivative immunity when it performs a proprietary, as opposed to governmental, function in respect to contracts executed by a city. On October 5, 2018, the Texas Supreme Court issued a second opinion to clarify *Wasson I*, *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W. 3d 142 (Tex. 2018) (“*Wasson II*”), and together with *Wasson I*, “*Wasson*”), ruling that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function at the time it entered into the contract, not at the time of the alleged breach. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in regard to municipal contract cases (as opposed to tort claim cases), it is incumbent on the courts to determine whether a function was governmental or proprietary based upon the statutory and common law guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Issues related to the applicability of a governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question. 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 utility systems with the utility 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 utility system with that of any other district.

**ANNEXATION . . .** The District lies within the extraterritorial jurisdiction of Liberty Hill. Under Texas law, a municipality generally cannot annex territory within a district unless it annexes the entire district. Under prior Texas law, a municipality could annex and dissolve a municipal utility district located within its extraterritorial jurisdiction without the consent of the district or its residents; however, under Chapter 43, Texas Local Government Code, as amended, (a) a municipality may not annex a district with a population of less than 200 residents unless: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. As of September 30, 2023, the District had an estimated population of 361, triggering the voter approval and/or landowner consent requirements above. At such time as it is legally permissible, and Liberty Hill does annex the entire District, Liberty Hill will assume the District’s assets and obligations (including the debt service on the Bonds and any outstanding bonds) and dissolve the District. Annexation of territory by Liberty Hill is a policy-making matter within the discretion of the Mayor and City Council of Liberty Hill and therefore, the District makes no representation that Liberty Hill will ever annex the District and assume its debt.

Additionally, the power of Liberty Hill to annex the District is restricted by the Act and the Consent and Development Agreement between Liberty Hill, Braun Family Limited Partnership, Roselle M. Braun and MUD 19, as amended. Although under prior Texas law, a municipality could annex and dissolve a municipality utility district located within its extraterritorial jurisdiction without the consent of the district or its residents, annexation requirements have changed. See “THE BONDS – Source of and Security for Payment.”

**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’s simultaneously annexing land of at least equal value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District will 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.

## **BOND INSURANCE**

**BOND INSURANCE POLICY . . .** Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM” or “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 APPENDIX C to this Official Statement.

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

**BUILD AMERICA MUTUAL ASSURANCE COMPANY . . .** BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

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

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

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

**CAPITALIZATION OF BAM . . .** BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.8 million, \$217.0 million and \$285.8 million, respectively.

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

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted



on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

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

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

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

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

## **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 other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by BAM at such time and in such amounts as would have been due absence such prepayment by the District unless BAM 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 BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM's consent may be required in connection with amendments to any applicable bond documents.

In the event BAM 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 BAM 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 BAM and its claim paying ability. BAM'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 BAM and of the ratings on the Bonds insured by BAM 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 BAM are general obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the District, the Financial Advisor or the Underwriters have made independent investigation into the claims paying ability

of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

### **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 Participant, (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.*

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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](http://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 MMI 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 Bonds 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. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Financial Advisor take any responsibility for the accuracy thereof.

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**USE AND DISTRIBUTION OF BOND PROCEEDS**

The proceeds of the Bonds will be used to finance the District’s share of (i) water impact fees, (ii) wastewater impact fees, and (iii) water reservation fees. The remaining Bond proceeds will be used to pay: (i) capitalized interest; (ii) developer interest; and (iii) costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$2,243,128 is estimated to be required for construction costs, and \$951,872 is estimated to be required for non-construction costs.

<b>I.      <u>CONSTRUCTION COSTS</u></b>	<b><u>District’s Share</u></b>
A. Developer Contribution Items - None	
B. District Items:	
1. Water Impact Fees.....	\$ 1,640,277
2. Wastewater Impact Fees.....	533,250
3. Water Reservation Fees.....	<u>69,601</u>
Total District Costs .....	\$ 2,243,128
<b>Total Construction Costs (70.21% of BIR).....</b>	<b>\$ 2,243,128</b>
<b>II.     <u>NON-CONSTRUCTION COSTS</u></b>	
A. Legal Fees.....	\$ 47,925
B. Bond Counsel Fees.....	47,925
C. Fiscal Agent Fees.....	79,875
D. Interest Costs:	
1. Capitalized Interest (approximately 2 years).....	328,083
2. Developer Interest <sup>(a)</sup> .....	217,885
E. Bond Discount .....	95,517
F. Bond Issuance Expenses .....	32,804
G. Bond Application Report .....	51,000
H. Attorney General Fee .....	3,195
I. TCEQ Fee .....	7,988
J. Contingency <sup>(b)</sup> .....	<u>39,675</u>
<b>Total Non-Construction Costs .....</b>	<b>\$ 951,872</b>
<b>TOTAL BOND ISSUE REQUIREMENT .....</b>	<b>\$ 3,195,000</b>

(a) Based on an estimated interest rate of 5.75%. The amount of Developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

(b) The TCEQ, in its approval of the issuance of the Bonds, directed any surplus Bond proceeds to be shown as a contingency line item and be subject to the TCEQ rules on use of surplus bond proceeds.

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## RISK FACTORS

**GENERAL . . .** The Bonds, which are obligations of the District and are not obligations of the City of Liberty Hill; Liberty Hill Independent School District; Williamson County, Texas; the State of Texas; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See “THE BONDS – Source of 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 occur or that the development in the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property. See “RISK FACTORS – Registered Owners’ Remedies.”

**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 Developers and Homebuilders are able to obtain financing for development and construction costs. As a result of increasing foreclosure activity, potential adverse impact on assessed valuations and a general tightening of credit that has resulted, lenders have increased lending requirements for both single family mortgage lending and real estate development lending. 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 Austin metropolitan and regional economies.

***National and Local Economy:*** Nationally, there have been periods of significant downturn in new housing construction due to liquidity, inflation, rising interest and mortgage rates and uncertainty of the availability and costs of construction materials, resulting in a decline in housing sales and market value. The ability of individuals to qualify for a mortgage as well as the general reduction in mortgage availability has also decreased housing sales periodically. The Central Texas area, including the District, has experienced some recent increases of “spec” homes, reduction of home construction, sales and/or pricing. The District cannot predict what impact, if any, a continued downturn in the national housing and financial markets may have on the Central Texas market and the District.

***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 and other residential developments part of the Santa Rita Ranch community in which the District is included. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of homebuilders within the District in the construction of single family residential houses 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 Developers will be implemented or, if implemented, will be successful.

***Dependence Upon Developers and Homebuilders:*** The Developers and active homebuilders are the principal taxpayers in the District. The growth of the tax base is dependent upon additional development of lots and construction of additional homes within the District. The Developers are under no obligation to continue to market developed tracts of land for improvement. Thus, the furnishing of information related to proposed development by the Developers should not be interpreted as such a commitment by the Developers. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developers, the homebuilders within the District or other entities to whom such parties may sell all or a portion of their holdings within the District to implement any plan of development. Furthermore, there is no restriction on the Developer’s right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developers. Failure to construct taxable improvements on developed lots and tracts

or failure of the Developers to develop its land would restrict the rate of growth of taxable value in the District. See “THE DISTRICT – Current Status of Development,” and “THE DEVELOPER.”

The ten principal taxpayers in the District represented \$50,375,000 or approximately 91.19% of the 2023 Certified Taxable Assessed Valuation of \$55,242,259. Pulte represents \$16,984,082 or 30.74% of such value and SRFV represents \$8,718,882, or 15.78%, of such value. If the Developers (or another principal taxpayer) were to default in the payment of taxes in an amount which exceeded the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See “Tax Collections and Foreclosure Remedies” in this section, “TAX DATA – Principal Taxpayers,” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

***Developers 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. Failure of homebuilders 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 the Developers 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 “SELECTED FINANCIAL INFORMATION – 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 2023 Certified Taxable Assessed Valuation is \$55,242,259 (see “FINANCIAL STATEMENT”). After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$477,456 (2053) and the Average Annual Debt Service Requirement will be \$420,375 (2024-2053, inclusive). Based on the 2023 Certified Taxable Assessed Valuation of \$55,242,259, a tax rate of \$0.9098/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Maximum Annual Debt Service Requirement, and a tax rate of \$0.8011/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement. See “DEBT SERVICE REQUIREMENTS” and “TAX DATA – Tax Adequacy for Debt Service.”

**TAX COLLECTIONS AND FORECLOSURE REMEDIES . . .** The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District’s tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners of the Bonds are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors’ rights generally.

**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 . . . *District Bankruptcy:*** 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 State 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 (i) is specifically authorized to file for federal bankruptcy protection by applicable state law, (ii) is insolvent or unable to meet its debts as they mature, (iii) desires to effect a plan to adjust such debts, and (iv) 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 State law a municipal

utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under Federal bankruptcy law only if such district has fully exercised its rights and powers under State law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with State 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.

**Developer Bankruptcy:** In the event of bankruptcy of the Developer within the District, it is possible the District could experience volatility in the ad valorem tax rate established by the District as well as a disruption in the timing of receipt of ad valorem taxes from any such bankrupt entities.

**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.

**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. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

**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 . . .** As of September 30, 2023, approximately 205.42 acres of land within the District have been developed with utility facilities by the Developers. According to information obtained from Carlson, Brigrance & Doering, Inc. ("CBD," the District's engineer), the Developers have advanced approximately \$20,100,000 in construction costs plus engineering fees to develop utility facilities.

Therefore, the Developers will be owed additional funds for utility construction with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the

value of taxable property made at the time of issuance of the bonds are accurate) see “THE DEVELOPERS – Utility Development Agreement.” 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 additional bonds is subject to approval by 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. See “THE BONDS – Issuance of Additional Debt.”

The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, in some instances with the approval of the TCEQ and, in the case of bonds payable from taxes, the District’s voters. On May 1, 2021, voters within the District authorized the issuance of unlimited tax bonds in the principal amount of \$144,000,000 for the purpose of providing water, wastewater, and drainage facilities to meet the needs of the residents and customers of the District. Following the issuance of the Bonds, \$137,625,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater and drainage facilities. See “FINANCIAL STATEMENT – Authorized But Unissued Bonds.” The District’s voters, at the election held within the District on May 1, 2021, also authorized the issuance of \$216,000,000 in refunding bonds, all of which remain authorized but unissued.

The District has reserved in the Bond Order the right to issue the remaining \$137,625,000 in authorized but unissued water, wastewater and drainage facilities bonds and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. All of the remaining \$137,625,000 water, wastewater and drainage facilities bonds may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas and the TCEQ. In the opinion of the District’s Engineer, the remaining authorization should be sufficient to reimburse the Developers for the water, wastewater and drainage facilities required to serve development within the District. See “THE SYSTEM.”

**GOVERNMENTAL APPROVAL . . .** As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed on October 2, 2023 (the “TCEQ Order”). In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

**FORWARD-LOOKING STATEMENTS . . .** The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, 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 on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

Any 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 third 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 will prove to be accurate.

**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:

1. Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
2. Restricting the manner in which wastes are released into the air, water, or soils;
3. Restricting or regulating the use of wetlands or other property;
4. Requiring remedial action to prevent or mitigate pollution;
5. 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 water 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 the District. 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.



*Air Quality Issues.* The Federal Clean Air Act (“CAA”) requires the United States Environmental Protection Agency (the “EPA”) to adopt and periodically revise national ambient air quality standards (“NAAQS”) for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and “attain” compliance with the appropriate standard. This so-called State Implementation Plan (“SIP”) entails enforceable control measures and time frames.

In 1997, the EPA adopted the “8-hour” ozone standard of 80 parts per billion (“ppb”) (the “1997 Ozone Standard”) to protect public health and welfare. In 2008, the EPA lowered the ozone standard to 75 ppb (the “2008 Ozone Standard”). The Austin area, consisting of Williamson, Hays, Travis, Bastrop and Caldwell Counties (the “Austin Area”) was not designated “nonattainment” under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the “2015 Ozone Standard”). On May 1, 2018, the EPA designated the Austin Area as “attainment” under the 2015 Ozone Standards, which became effective on August 3, 2018.

Should the Austin Area fail to achieve attainment under EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA’s implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

***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.

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the CWA and regulations implementing the CWA. 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 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 CWA or the Texas Water Code.

*Atlas 14 Study.* In 2018, the National Weather Service 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. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100-year floodplain and will also increase the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain).

**FUTURE AND PROPOSED TAX 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.

**STATE LEGISLATIVE CHANGES . . .** The Texas Legislature convenes for 140 days in odd numbered years. The 88<sup>th</sup> Texas Legislature adjourned May 29, 2023. The Governor may call one or more special sessions, the third of which convened on October 9, 2023. During this time, the Texas Legislature may enact laws that materially change current law relating to districts including with respect to the levy of property taxes. The District makes no representation regarding any action the Texas Legislature may take but intends to monitor proposed or pending legislation for any developments applicable to the District.

**DROUGHT CONDITIONS . . .** Central Texas, like other areas of the State, is experiencing drought conditions. The City of Georgetown currently provides water to the District in amounts sufficient to service the residents of the District, however, as drought conditions continue water usage and rates could be impacted.

**WATER UTILITY SERVICE . . .** The District is located within the certificated service area of the City of Georgetown, Texas, which provides retail water service to the land within the District’s boundaries. By letter dated December 28, 2022, Georgetown confirmed that it could provide retail water service to the District in accordance with its standard terms and conditions. Service to future connections within the District will require the payment of additional impact fees and may require, among other things, the construction of additional utility system improvements. The 387 LUEs for which impact fees have been paid will be utilized by lots developed and being developed as Santa Rita Ranch, Phase 2A, Sections 1, 2, 3, 4 and 5, and Saddleback Phase 1, Section 1. The additional 233.10 developable acres within the District will require the payment of additional impact fees and additional water improvements or other requirements may be required to be constructed or satisfied as a condition to service to this additional acreage. See “THE SYSTEM – Water Supply.”

**WASTEWATER COLLECTION AND TREATMENT . . .** Land within the District receives wastewater collection and treatment services from the City of Liberty Hill. Expansions of the City’s treatment plant and other offsite facilities will be required to provide wastewater service to all the acreage within the District. If Liberty Hill fails to provide wastewater service beyond what is currently available, or increase of rates beyond those which are usual and customary, development within the District could be adversely affected. Although the “Agreement for Conveyance of Lift Stations and Force Mains, Provision of Additional LUEs of Wastewater Service and Surcharge Fee Credits, and Matters Related Thereto dated March 15, 2016 entered into with Liberty Hill (the “Lift Station Agreement”) provides certain contractual self-help remedies if Liberty Hill does not proceed with the design, construction or expansion of the facilities required to provide additional service, resorting to such remedies could be a time consuming and expensive process. See “THE SYSTEM – Wastewater Collection and Treatment and Liberty Hill Fees.”

## THE DISTRICT

**GENERAL . . .** The District is a municipal utility district that was created by the division of Williamson County Municipal Utility District No. 19B (“MUD 19B”) pursuant to an order adopted by the Board of Directors of MUD 19B dated February 7, 2018. MUD 19B was created by the division of Williamson County Municipal Utility District No. 19A (“MUD 19A”) pursuant to an order adopted by the Board of Directors of MUD 19A on July 24, 2013. MUD 19A was created by the division of Williamson County Municipal Utility District 19 (“MUD 19”) pursuant to an order adopted by the Board of Directors of MUD 19 on February 15, 2011. MUD 19 was created by a special act of the 79th Legislature of the State of Texas, Regular Session, Acts 2005, 79th Leg., Ch. 1328, now codified as Chapter 8134, Special District Local Laws Code (the “Act”), as a conservation and reclamation district under Section 59, Article XVI, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and pursuant to a confirmation election held within MUD 19 on November 7, 2006. Section 8134.103 of the Act provided MUD 19 and, upon their creation by division, MUD 19A, MUD 19B, and the District with the authority to divide without an election upon the consent of all landowners within the dividing district. The District is a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI of the Texas Constitution and operates pursuant to the Act and Chapters 49 and 54 of the Texas Water Code.

**MANAGEMENT . . .** *Board of Directors.* The District is governed by a Board of Directors (the “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 within the District on the first Saturday in May in each even numbered year. All of the directors reside or own property in the District.

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Robert Anderson	President	2024
Connie Fuller	Vice President	2026
Scott McLeod	Secretary	2024
Ryan Hall	Asst. Secretary	2026
Brooke Kammer	Asst. Secretary	2024

**CONSULTANTS . . .** *Tax Assessor/Collector.* Land and improvements in the District are being appraised by the Williamson Central Appraisal District (“WCAD”). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Williamson County Tax Assessor/Collector, Mr. Larry Gaddes, currently serves the District in this capacity under contract.

*Operator.* Retail water service is provided by the City of Georgetown pursuant to a contract. Wholesale wastewater treatment and wastewater facilities operations are provided by the City of Liberty Hill pursuant to contracts.

*Bookkeeper.* Bott & Douthitt, PLLC (“B&D”) provides bookkeeping services to the District. B&D serves in a similar capacity for over 140 other special districts.

*Engineer.* The District’s consulting engineer is Carlson, Brigance & Doering, Inc. (the “District’s Engineer”).

*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 Disclosure Counsel.* The District has engaged McCall, Parkhurst & Horton L.L.P., Austin, Texas as Bond Counsel and Disclosure Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

*General Counsel.* The District has engaged Armbrust & Brown, PLLC as General Counsel. Fees paid to Armbrust & Brown, PLLC for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

**LOCATION . . .** The District, which encompasses approximately 488.48 acres of land, is located approximately 5 miles east of the central business district of the City of Liberty Hill and 3 miles north of the intersection of Ronald Reagan Blvd. and State Highway 29 in western Williamson County. Access to the District is provided by Ronald Reagan Blvd. to Tower Road. The District is located entirely within the extraterritorial jurisdiction of the City of Liberty Hill, Texas. See “LOCATION MAP.”

**CURRENT STATUS OF DEVELOPMENT . . .** At the time of its creation by division of MUD 19B on February 7, 2018, the District contained 2,092.77 acres of land. By order dated March 29, 2018, the District excluded 109.892 acres of land and by order dated February 24, 2020, the District excluded an additional 70.181 acres of land, following which exclusions the acreage of the District contained 1,912.695 acres of land. By order dated March 23, 2020, the District divided into a revised original district containing 403.778 acres, and the creation of two new districts: Williamson Municipal Utility District No. 19D containing 193.789 acres and Williamson Municipal Utility District No. 19E containing 1,315.117 acres. By order dated November 2, 2021, the District annexed 84.70 acres; following this annexation, the District’s boundaries contained 488.48 acres. The purposes of the District are to provide water, wastewater and drainage facilities and services to the land within its boundaries.

As of September 30, 2023, out of the 488.48 acres located within the District, approximately 205.42 acres have been developed with utility facilities. As of September 30, 2023, the District contains approximately 233.10 acres that are developable but currently undeveloped, and 49.96 acres intended for right-of-way for Ronald Reagan Boulevard. As of September 30, 2023, the following sections have been developed with utility facilities: Santa Rita Ranch Phase 2A, Section 1 (18.77 acres of amenity center, public utility easements, and roadways), Santa Rita Ranch Phase 2A, Section 2 (3.14 acres with 9 single family lots), Santa Rita Ranch Phase 2A, Section 3 (42.20 acres with 107 single family lots), Santa Rita Ranch Phase 2A, Section 4 (35.33 acres with 60 single family lots), Santa Rita Ranch Phase 2A, Section 5 (26.77 acres with 77 single family lots), and Saddleback at Santa Rita Ranch Phase 1, Section 1 (79.21 acres with 222 single family lots). As of September 30, 2023, the development in the District consisted of 475 developed single family lots, 103 completed homes, 74 homes under construction, and 298 vacant single family lots.

Due to the uncertainty of the availability and costs of construction materials some homebuilders have been constructing homes without purchase contracts in place and there are currently approximately 28 “spec” homes available for sale within the District. The presence of “spec” homes within the District could impact lot absorption, home construction, sales and/or pricing in the future. See “RISK FACTORS – National and Local Economy.”

The chart below reflects the District’s status of development as of September 30, 2023:

	<u>Net Acreage</u>	<u>Platted Lots</u>	<u>Single Family</u>		
			<u>Completed Homes</u>	<u>Homes Under Construction</u>	<u>Vacant Lots</u>
<b>A. Sections Developed with Utility Facilities</b>					
Santa Rita Ranch Phase 2A Section 1	18.77	0	0	0	0
Santa Rita Ranch Phase 2A Section 2	3.14	9	6	0	3
Santa Rita Ranch Phase 2A Section 3	42.2	107	73	23	11
Santa Rita Ranch Phase 2A Section 4	35.33	60	1	5	54
Santa Rita Ranch Phase 2A Section 5	26.77	77	0	11	66
Saddleback at Santa Rita Ranch Phase 1 Section 1	79.21	222	23	35	164
<b>Total Developed</b>	<b>205.42</b>	<b>475</b>	<b>103</b>	<b>74</b>	<b>298</b>
<b>B. Acreage with Utility Facilities Under Construction</b>	0.00				
<b>C. Remaining Developable Acreage</b>	233.10				
<b>D. Undevelopable Acreage (future right of way)</b>	49.96				
<b>Total</b>	<b>488.48</b>				

**FUTURE 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, the general and other economic conditions that would affect any party’s ability to sell lots and/or other property and of any homebuilder 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, if any, of the District’s bonds and developer contributions, if any, as required by the TCEQ. The District’s Engineer estimates that the \$137,625,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued should be sufficient to reimburse the Developers for the existing utility facilities and provide utility service to remaining undeveloped but potentially developable acreage within the District. See “THE BONDS – Issuance of Additional Debt.” The Developers are under no obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that future development will occur.

**ANNEXATION OF THE DISTRICT . . .** The District lies within the extraterritorial jurisdiction of Liberty Hill. See “THE BONDS – Annexation” for a discussion of the ability of Liberty Hill to annex the District.

**CONSENT AGREEMENT WITH LIBERTY HILL . . .** Effective December 23, 2005, Liberty Hill, the Braun Family Limited Partnership, Roselle M. Braun, and MUD 19 entered into a Consent and Development Agreement (the “Consent Agreement”) which, as amended, governs the development of the land within the District. Pursuant to the Consent Agreement, as amended, Liberty Hill consented to, among other things, the creation of MUD 19 and the division of MUD 19 into additional districts, including the District. Additionally, Liberty Hill agreed in the Consent Agreement not to annex the land that is subject to the terms of the Consent Agreement, including the land within the District (the “Land”), without the landowners’ consent.

The Consent Agreement also provides that Liberty Hill will not, during the term of the Consent Agreement, impose or attempt to impose (a) any moratorium on building or development within the Land or (b) any land use or development regulation that limits the rate or timing of land use approvals. However, Liberty Hill is authorized to apply a temporary moratorium that is applied uniformly throughout Liberty Hill due to an emergency constituting imminent threat to the public health or safety. The Consent Agreement had an initial term of 15 years, which ended December 23, 2020, and was automatically extended for an additional 15

years because the landowners or assignees did not elect to give written notice of termination at least 90 days before the expiration of the initial 15-year term. The Consent Agreement has been amended by the First Amendment to Consent and Development Agreement dated effective February 6, 2006, and by an Addendum to Consent and Development agreement dated effective August 22, 2016.

## THE DEVELOPERS

**GENERAL . . .** In general, the activities of a developer within a utility district, such as the District, include purchasing land within the future district, petitioning for creation of the district, designing the development, defining a marketing program, planning building schedules, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities) pursuant to the rules of the TCEQ, and selling improved lots or commercial reserves to builders, other developers or third parties. Ordinarily, the developer pays one hundred percent (100%) of the costs of paving and amenity design and construction while the utility district finances the costs of the water supply and distribution, wastewater collection and treatment and drainage facilities. While a landowner or developer is required by the TCEQ to pave streets and pay for its allocable portion of the costs of utilities to be financed by the district through any specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property it owns within 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, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of the developer to perform such activities in development of the property within the utility district may have a profound effect on the security for the bonds issued by a district.

**DESCRIPTION OF DEVELOPERS . . .** The developers currently active in the District are SRFV Development, LLC, a Texas limited liability company ("SRFV"), and Pulte Homes of Texas, LP, a Texas limited partnership ("Pulte," and together with SRFV, the "Developers"). SRFV is wholly owned by Mariner Residential Recovery Fund, LLC, a Delaware limited liability company, Mariner Residential Recovery Fund A, LLC, a Delaware limited liability company (collectively, "Mariner") and MREM Texas Manager, LLC, a Delaware limited liability company ("MREM"). SRFV's manager is MREM. Certain land within the District, including acreage planned for future commercial development, is owned by Santa Rita Commercial, LLC, and Santa Rita Investments, LLC, both Texas limited liability companies. See "THE DISTRICT – Current Status of Development" and "APPENDIX A – Unaudited Financial Statement of SRFV Development, LLC."

Pulte is a wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation ("PulteGroup"). PulteGroup is a publicly traded company whose stock is listed on the New York Stock Exchange. Audited financial statements for PulteGroup can be found online at <https://www.pultegroupinc.com/investor-relations/financial-information/annual-reports/default.aspx>. PulteGroup is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by PulteGroup can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

**ACQUISITION AND DEVELOPMENT FINANCING . . .** According to the Developers, the acquisition of the land within the District from certain members of the Braun family (the "Braun Family") by the original developer was financed through a seller-financed note that has since been paid off.

SRFV has stated that International Bank of Commerce ("IBC Bank") has provided financing (for the purpose of developing the acreage both within the District and throughout Santa Rita Ranch) in the currently available aggregate principal amount of \$113,000,000, in the form of a revolving lines of credit, which may be drawn on from time to time, with the maximum outstanding balance at any time being limited to \$67,000,000. The amount currently outstanding on the lines of credit is approximately \$31,260,000. According to SRFV, interest on the loans are paid monthly and they mature on October 31, 2024. SRFV has represented to the District that it is in compliance with the terms of each loan. The loans are secured by land held by various subsidiaries of Mariner throughout Santa Rita Ranch, and are guaranteed by Mariner.

**HOMEBUILDERS WITHIN THE DISTRICT . . .** According to the Developers, the homebuilders currently active within the District include: Toll Brothers Homes, GFO Homes, and Pulte Homes. The homes range in price from approximately \$400,000 to \$675,000, with square footage ranging from approximately 1,700 to 4,000. Due to inflation, rising interest and mortgage rates, the uncertainty of the availability and costs of construction materials and the increase in "spec" homes within the District and the Santa Rita Ranch community, homebuilders continue to reassess product and lot take down schedules which could impact the homebuilders active within the District as well as and lot absorption in the future. See "RISK FACTORS-National and Local Economy."

**UTILITY CONSTRUCTION AGREEMENT . . .** The District has entered into the following utility and construction and reimbursement agreements with the Developers: Utility Construction and Reimbursement Agreement and Assignment of Reimbursement Rights dated February 10, 2021 between Santa Rita Commercial, LLC and Braun Family Limited Partnership relating to 39.841 acres of

land; Utility Construction and Reimbursement Agreement and Assignment of Reimbursement Rights dated February 10, 2021 between SRFV Development, LLC, Santa Rita Investments, Ltd. and Braun Family Limited Partnership relating to 313.983 acres of land; Utility Construction and Reimbursement Agreement and Assignment of Reimbursement Rights dated November 2, 2021 between Santa Rita Investments, Ltd., Santa Rita Commercial, LLC, and Braun Family Limited Partnership relating to 84.70 acres, as amended by Amendment No. 1 to Utility Construction and Reimbursement Agreement and Assignment of Reimbursement Rights (removing 79.21 acres of land sold to Pulte Homes of Texas from the agreement); and Utility Construction and Reimbursement Agreement and Assignment of Reimbursement Rights dated January 20, 2022 between Pulte Homes and Braun Family Limited Partnership with respect to the 79.21 acres purchased by Pulte Homes of Texas. The agreements govern the development of water, wastewater and drainage facilities on 438.524 acres of land within the District (excluding the 49.96 acres within Ronald Reagan Blvd. right-of-way) and the District's use thereof and the reimbursement of the Developers for certain of the costs of such development through the issuance of bonds. The remaining land in the District is located in the right-of-way of Ronald Reagan Boulevard.

Certain reimbursement rights arising under the agreements with SRFV, Santa Rita Commercial, LLC, and Santa Rita Investments, Ltd. have been collaterally assigned to IBC Bank. See "THE DISTRICT – Current Status of Development."

## THE SYSTEM

**GENERAL . . .** Retail water service within the District is provided by Georgetown. Wholesale wastewater service is provided by Liberty Hill, which also operates and maintains the District's wastewater system.

**WATER SUPPLY . . .** The District's water supply is provided through surface water furnished to Georgetown from Lake Georgetown and Stillhouse Hollow Lake under contracts between Georgetown and the Brazos River Authority which is treated at Georgetown's 28 MGD surface water treatment plant and through ground water from wells located in the Edwards Aquifer. Water is delivered to the District through a 24-inch water transmission line located along Ronald Reagan Boulevard. The District's water facilities are subject to regulation by, among other authorities, the EPA and the TCEQ.

**WASTEWATER COLLECTION AND TREATMENT . . .** Pursuant to the Agreement for Conveyance of Lift Stations and Force Mains, Provision of Additional LUEs of Wastewater Service and Surcharge Fee Credits, and Matters Related Thereto dated March 15, 2016 entered into with Liberty Hill (the "Lift Station Agreement") between, among other parties, MUD 19, MUD 19A, MUD 19B and Liberty Hill, MUD 19 and Williamson County Municipal Utility District No. 12 conveyed certain lift station facilities and easements to Liberty Hill, which assumed the responsibility for operation and maintenance, as well as the future expansion, of such facilities. In the Lift Station Agreement, Liberty Hill confirmed its commitment of a total of 9,678 LUEs of wastewater capacity to the districts in the Santa Rita Ranch development, including those created by future division, such as the District (collectively, the "SRR Districts"). Of this capacity, Liberty Hill agreed to provide 5,157 LUEs upon its completion of an expansion project described in the Lift Station Agreement. Expansion of the Liberty Hill's wastewater treatment plant and/or other offsite facilities will be required to provide wastewater service to all of the acreage within the District. If Liberty Hill fails to provide the wastewater service it has committed to the SRR Districts or fails to timely complete improvements required to provide additional wastewater service beyond that which is currently available, development within the District could be adversely affected. Although the SRR Districts have certain contractual self-help remedies under the Lift Station Agreement if Liberty Hill does not proceed with the design, construction or expansion of the facilities required to provide the committed service, resorting to such remedies could be a time-consuming and expensive process.

**LIBERTY HILL FEES . . .** On January 12, 2023, MUD 19, the municipal utility district originally created under the Act, received a letter from the attorney for the City of Liberty Hill ("Liberty Hill"), which provides wastewater service to the District, asserting, among other things, that MUD 19 had not paid or had underpaid certain fees due for wastewater commitments and/or services to platted lots in subdivisions within the Santa Rita Ranch development. Although this letter was not addressed to the District, the accompanying spreadsheet listing various subdivisions for which Liberty asserted fees were due included five subdivisions located within the District.

MUD 19 has responded to Liberty Hill's letter and has advised Liberty Hill that, pursuant to various agreements between the developers and districts within Santa Rita Ranch and Liberty Hill, the payment of the fees at issue, which are paid at the time of platting of the related subdivisions, is an obligation of the developers and not the districts. MUD 19 additionally obtained relevant payment information from the developers and, on February 9, 2023, provided Liberty Hill with a detailed accounting of the fees assessed and payments made, which indicates that all applicable fees were paid as required.

The District concurs with MUD 19's fee analysis and with its conclusion that, although all relevant fees appear to have been properly paid, any additional payment that might be due as the result of an underpayment would be the obligation of the developers within the District and not the District. Accordingly, the District has concluded that the City's claim does not pose a material adverse risk to the development within the District nor on the financial operations of the District.

**STORM WATER DRAINAGE . . .** Natural drainage patterns generally slope within the District from the south to north entering into Soves Branch Creek which flows to the North Fork of the San Gabriel River. Storm-water runoff is collected by curb and gutter streets which tie into a system of underground storm sewer lines which outfall into detention and water quality ponds. The District

is located within the Edwards Aquifer Contributing Zone and Recharge Zone and is subject to the TCEQ’s Edwards Aquifer Rules, including an approved Water Pollution Abatement Plan for water quality control during and after construction.

**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, one acre within the District lies within the floodplain as shown in the FEMA Flood Insurance Rate map dated September 26, 2008 for Williamson County; however, approximately 1.99 acres within the District are undevelopable flood plain as required by the Williamson County for the District’s drainage facilities.

In 2018, the National Weather Service 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. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100-year floodplain and will also increase the size of detention ponds and drainage facilities required for future construction in all areas and not just in the floodplain.

### UNAUDITED FINANCIAL STATEMENT

**TABLE 1 – OPERATING REVENUES AND EXPENSES STATEMENT . . .** The following unaudited statement sets forth in condensed form the operations of the District based upon the District’s bookkeeping report as of January 31, 2023.

	January 31, 2023
<u>Revenues:</u>	
Drainage Fees	\$ 5,250
Property Tax Revenues	5,222
Total Revenues	\$ 10,472
<u>Expenditures:</u>	
Repairs/Maintenance	\$ -
Director Fees/Payroll Taxes	1,130
Director Reimbursement	191
Newspaper Publications	508
Insurance/Tax Appraisal	200
Tax Assessor/Collector Fees	210
Legal Fees	10,861
Accounting Fees	3,700
Engineering Fees	4,095
Other Consulting Fees	3,264
Total Expenditures	\$ 24,159
Net Revenues	\$ (13,688)
Beginning Fund Balance	\$ 93,550
Plus/(Less): Fund Transfer	-
Ending Fund Balance	\$ 79,862

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**TABLE 2 – DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9/30	Outstanding Bonds			The Bonds			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest <sup>(a)</sup>	Total	
2024	\$ -	\$ 163,539	\$ 163,539	\$ -	\$ 111,240	\$ 111,240	\$ 274,779
2025	-	149,806	149,806	-	165,481	165,481	315,288
2026	45,000	149,806	194,806	50,000	165,481	215,481	410,288
2027	45,000	148,006	193,006	50,000	161,856	211,856	404,863
2028	50,000	146,206	196,206	55,000	158,231	213,231	409,438
2029	50,000	143,206	193,206	60,000	154,244	214,244	407,450
2030	55,000	140,706	195,706	60,000	149,894	209,894	405,600
2031	60,000	138,369	198,369	65,000	145,544	210,544	408,913
2032	65,000	135,819	200,819	70,000	140,913	210,913	411,731
2033	65,000	133,056	198,056	70,000	135,925	205,925	403,981
2034	70,000	130,294	200,294	75,000	132,425	207,425	407,719
2035	75,000	127,319	202,319	80,000	128,675	208,675	410,994
2036	80,000	124,131	204,131	85,000	124,675	209,675	413,806
2037	85,000	120,531	205,531	90,000	120,425	210,425	415,956
2038	90,000	116,706	206,706	95,000	116,150	211,150	417,856
2039	95,000	112,656	207,656	100,000	111,638	211,638	419,294
2040	105,000	108,381	213,381	105,000	106,888	211,888	425,269
2041	110,000	103,394	213,394	110,000	101,900	211,900	425,294
2042	120,000	98,169	218,169	120,000	96,675	216,675	434,844
2043	125,000	92,469	217,469	125,000	90,975	215,975	433,444
2044	135,000	86,531	221,531	135,000	85,038	220,038	441,569
2045	140,000	80,119	220,119	140,000	78,625	218,625	438,744
2046	150,000	73,469	223,469	150,000	71,975	221,975	445,444
2047	160,000	66,344	226,344	155,000	64,850	219,850	446,194
2048	170,000	58,744	228,744	165,000	57,294	222,294	451,038
2049	180,000	50,456	230,456	175,000	49,250	224,250	454,706
2050	195,000	41,681	236,681	185,000	40,500	225,500	462,181
2051	205,000	32,175	237,175	195,000	31,250	226,250	463,425
2052	220,000	22,181	242,181	210,000	21,500	231,500	473,681
2053	235,000	11,456	246,456	220,000	11,000	231,000	477,456
	<u>\$ 3,180,000</u>	<u>\$ 3,105,726</u>	<u>\$ 6,285,726</u>	<u>\$ 3,195,000</u>	<u>\$ 3,130,515</u>	<u>\$ 6,325,515</u>	<u>\$ 12,611,241</u>

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

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**TABLE 3 – TAXABLE ASSESSED VALUE**

2021 Certified Taxable Assessed Valuation .....	\$	6,614,907	(a)
2022 Certified Taxable Assessed Valuation .....	\$	14,589,798	(a)
2023 Certified Taxable Assessed Valuation .....	\$	55,242,259	(a)
Estimated Taxable Assessed Valuation (as of June 1, 2023) .....	\$	95,580,000	(b)
Gross Debt Outstanding (after issuance of the Bonds) .....	\$	6,375,000	(c)
Ratio of Net Direct Debt to 2023 Certified Taxable Assessed Valuation .....		11.54%	
2023 Tax Rates:			
Debt Service.....	\$	0.6211	
Maintenance.....	\$	0.2289	
Total.....	\$	0.8500	(d)
Operating Fund Balance (unaudited as of October 19, 2023) .....	\$	243,025	
Debt Service Fund Balance (unaudited as of October 19, 2023) .....	\$	314,831	(e)
Capital Project Fund Balance (unaudited as of October 19, 2023) .....	\$	198,418	

Area of District: 488.48 Acres  
 Estimated Population as of September 30, 2023: 361 <sup>(f)</sup>

- (a) Certified Taxable Assessed Valuation of the District as provided by the Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.”
- (b) The Estimated Taxable Assessed Valuation as of June 1, 2023, as provided by WCAD. Taxes are levied based on value as certified by WCAD as of January 1 of each year. Consequently, this estimate will not be used to procure tax revenues for the District.
- (c) Includes the Bonds.
- (d) The District levied its 2023 tax rate in September 2023.
- (e) Unaudited as of October 19, 2023. Does not include the approximately 24 months of capitalized interest to be deposited in the Debt Service Funds from the proceeds of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular balance in the District’s Debt Service Fund. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- (f) Based upon 3.5 residents per completed single family home.

**TABLE 4 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Water, Wastewater & Drainage	5/1/2021	\$ 144,000,000	\$ 3,180,000	\$ 3,195,000	\$ 137,625,000
Refunding	5/1/2021	216,000,000	-	-	216,000,000
Total		<u>\$ 360,000,000</u>	<u>\$ 3,180,000</u>	<u>\$ 3,195,000</u>	<u>\$ 353,625,000</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 (FDIC); (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 FDIC 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 or is invested exclusively in obligations described in the 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; and (15) aggregate repurchase agreement transactions entered into by an investing entity in conformity with provisions of subsection (a-1), (f) and (g) of Section 2256.011 of the PFIA. 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.

**CURRENT INVESTMENTS . . .** On October 19, 2023, the District had \$243,025 of operating funds, \$314,831 of debt service funds, and \$198,418 capital project funds. All funds are held by ABC Bank in checking accounts, money market accounts or certificates of deposit or TexPool.

**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 9/30/2023
Williamson County	\$ 1,122,900,000	0.02%	\$ 224,580
Williamson County ESD #4	-	0.22%	-
Liberty Hill ISD	715,555,531	0.28%	2,003,555
The District	6,375,000	100.00%	6,375,000 <sup>(a)</sup>
Total Direct and Overlapping Tax Supported Debt			\$ 8,603,135
Ratio of Direct and Overlapping Tax Supported Debt to 2023 Certified TAV			15.57%

(a) Includes the Bonds.

## TAX DATA

**TABLE 5 – TAX RATE AND COLLECTIONS**

The following statement of tax collections sets forth in condensed form the historical 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.

Tax Year	Tax Rate	General Fund	Debt Service	Taxable Assessed Valuation <sup>(a)</sup>	Tax Levy <sup>(b)</sup>	% Total Collections <sup>(b)</sup>	As Of
2021	\$ 0.8500	\$ 0.8500	\$ -	\$ 6,614,907	\$ 58,807	100.00%	9/30/2022
2022	0.8500	0.8500	-	14,589,798	126,091	100.00%	9/30/2023
2023	0.8500	0.2289	0.6211	55,242,259	446,081	In Process of Collection	

(a) Assessed Valuation reflects the certified value as reported by the WCAD.

(b) Unaudited.

**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 Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating the District’s improvements, if such maintenance tax is authorized by a vote of the District’s electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest

on the Bonds, and any tax bonds that may be issued in the future. At an election held on May 1, 2021, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown above under “Table 3 – Taxable Assessed Value,” the District levied a 2023 maintenance and operation tax of \$0.2289/\$100 assessed valuation. See “THE DISTRICT – General.”

**TABLE 6 – PRINCIPAL TAXPAYERS**

The following list of principal taxpayers was provided by the WCAD based on the 2023 tax roll of the District, which reflects ownership as of January 1, 2022.

Taxpayer	Taxable Assessed Value	% of 2023 Taxable Assessed Valuation
Toll West Inc.	\$ 17,807,854	32.24%
Pulte Homes of Texas LP <sup>(a)</sup>	16,984,082	30.74%
SRFV Development LLC <sup>(a)</sup>	8,718,882	15.78%
SBSR Land Holdings LLC	3,068,000	5.55%
Santa Rita Commercial LLC	704,156	1.27%
Santa Rita Commercial LLC	688,046	1.25%
Homeowner	629,446	1.14%
Homeowner	607,014	1.10%
Homeowner	588,834	1.07%
Homeowner	578,686	1.05%
	\$ 50,375,000	91.19%

(a) The Developers and entities affiliated with the Developers. See “THE DEVELOPERS – Description of the Developer” and “RISK FACTORS – Dependence Upon Developer and Homebuilders” and – Housing Market Volatility.”

**TAX ADEQUACY FOR DEBT SERVICE**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2023 Certified Taxable Assessed Valuation and utilize tax rates adequate to service the District’s total debt service requirements, including the Bonds. 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 and Outstanding Bonds (2024-2053).....\$	420,375
\$0.8011 Tax Rate on 2023 Certified Taxable Assessed Valuation of \$55,242,259 @ 95% collections .....	\$ 420,418
Maximum Annual Debt Service Requirements on the Bonds and Outstanding Bonds (2053).....\$	477,456
\$0.9098 Tax Rate on 2023 Certified Taxable Assessed Valuation of \$55,242,259 @ 95% collections .....	\$ 477,464

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## 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, its other remaining outstanding bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of and Security for Payment.” Under Texas law, the Board 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 – Tax Rate Limitation.”

**PROPERTY TAX CODE AND COUNTY WIDE APPRAISAL DISTRICT . . .** The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The WCAD has the responsibility for appraising property for all taxing units within Williamson County, including the District. Such appraisal values are subject to review and change by the Williamson Central Appraisal Review Board (the “Appraisal Review Board”).

**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 but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; 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, designated historical sites, travel trailers, and most individually owned automobiles. 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 on the same or subsequently qualified homestead of the total appraised value of the same property to which the disabled veteran’s exemption applied. The surviving spouse of a member of the armed services who was killed in action is entitled to an exemption from taxation of the total appraised value of the surviving spouse’s residence homestead where certain conditions are met and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 Exemptions:*** The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation if the exemption is adopted by the governing body of the political subdivision before July 1. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

***Tax Abatement:*** Williamson 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 the 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. To date, the District has not executed any abatement agreements.

**Freeport Goods and Goods-in-Transit Exemption:** Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for “freeport property,” which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods and goods-in-transit are not exempt from taxation by the District.

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

**VALUATION OF PROPERTY FOR TAXATION . . .** Generally, property in the District must be appraised by the WCAD 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 WCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the WCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the WCAD 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 WCAD 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 WCAD 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 September 1 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 October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%)

regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The 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.

The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

#### *Special Taxing Units*

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

#### *Developed Districts*

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

#### *Developing Districts*

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

#### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, at the time a district sets its tax rate. For the 2023 tax year, the Board of Directors has designated the District as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

**DISTRICT'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 property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS – General – 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 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 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.

**2023 LEGISLATIVE SESSION . . .** On July 13, 2023, during the Second Special Session, the Texas Legislature passed Senate Bill 2, which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than \$5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the appraisal cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. The appraisal cap takes effect on January 1, 2024, if the constitutional amendment proposed by House Joint Resolution 2 during the Second Special Session is approved by the voters on November 7, 2023.

## 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 McCall, Parkhurst & Horton L.L.P. ("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. Bond Counsel's legal opinion will also 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 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 & Horton L.L.P., Bond 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, Bond Counsel to the District 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 Bond Counsel’s Opinion.”

In rendering its opinion, Bond Counsel to the District will rely upon (a) the District’s federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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 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 in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the District is conditioned on compliance by the District with the covenants and the requirements described in the preceding paragraph, and Bond Counsel to the District has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. The 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 facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel’s opinion represents its legal judgment 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 Bond Counsel. If an 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 may be 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 (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the 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 Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with 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 THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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

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

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

**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 foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

**FUTURE AND PROPOSED TAX 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 obligations, 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 MSRB through EMMA its electronic municipal market access system. Information will be available free of charge by the MSRB via the EMMA system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The District will provide certain updated financial information and operating data 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 under Tables 1 through 6. The District will update and provide this information within six months after the end of each fiscal year. The District will file the updated information with 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 audited financial statements are completed within twelve months of the District’s fiscal year end. If audited financial statements are not available within such twelve-month period, the District will file unaudited financial statements and file audited financial statements when the audit report becomes available. In addition, the District has agreed to provide information with respect to SRVF. The District will be obligated to provide information concerning SRVF only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions) or any preliminary or estimated assessed valuation provided by WCAD, (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District’s debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in the amount which exceeds 20% of the amount of the District’s bonds then outstanding. Any such financial statements will be prepared in accordance with the accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 and annual financial statements by September 30 of each year 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 an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, 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 obligated person, any of which reflect financial difficulties.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer of the District in a proceeding under the United States Bankruptcy Court or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

For the purposes of the events described in clauses (15) and (16) of the preceding paragraph, the term “Financial Obligation” is defined in the Bond Order to mean (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The Bond Order further provides that the District intends the words in such clauses (15) and (16) in the preceding paragraph and in the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 29, 2018.

The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under “– Annual Reports.”

**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 and will be available to the public free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

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 certain 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.

SRVF has agreed to provide to the District the information that the District has agreed to provide with respect to the SRVF. SRVF has also agreed with the District that it will not assign any of its rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the SRVF’s agreement to provide such information, but SRVF may sell its property within the District without any such assumption. The District’s ability to provide information about SRVF or others, as well as the accuracy and completeness of such information, is completely dependent on such persons’ compliance with their contractual agreements with the District.

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.

## **FINANCIAL ADVISOR**

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc. (the “Financial Advisor”), which firm was retained as Financial Advisor to the District in 2021. 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**

**PREPARATION . . .** The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See “THE DISTRICT.” The Board of Directors in its official capacity has relied upon the below mentioned experts and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

“THE DISTRICT,” “THE DEVELOPER” – Santa Rita KC, LLC; “THE SYSTEM”; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” – Records of the District (“Records”), “FINANCIAL STATEMENT” – Williamson Central Appraisal District; “ESTIMATED OVERLAPPING DEBT STATEMENT” – Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” and “OPERATING REVENUES AND EXPENSES STATEMENT” – Audits, Records and Tax Assessor/Collector; “MANAGEMENT” – District Directors; “DEBT SERVICE REQUIREMENTS” – Financial Advisor; “THE BONDS,” “LEGAL MATTERS,” “TAXING PROCEDURES,” “CONTINUING DISCLOSURE OF INFORMATION,” and “TAX MATTERS” – McCall, Parkhurst & Horton L.L.P.

**CONSULTANTS . . .** In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

The District Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled “THE DISTRICT” and “THE SYSTEM,” has been provided by Carlson, Brigrance & Doering, Inc., and has been included in reliance upon the authority of said firm in the field of civil engineering.

**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 Williamson County Municipal Utility District No. 19C, as of the date shown on the first page hereof.

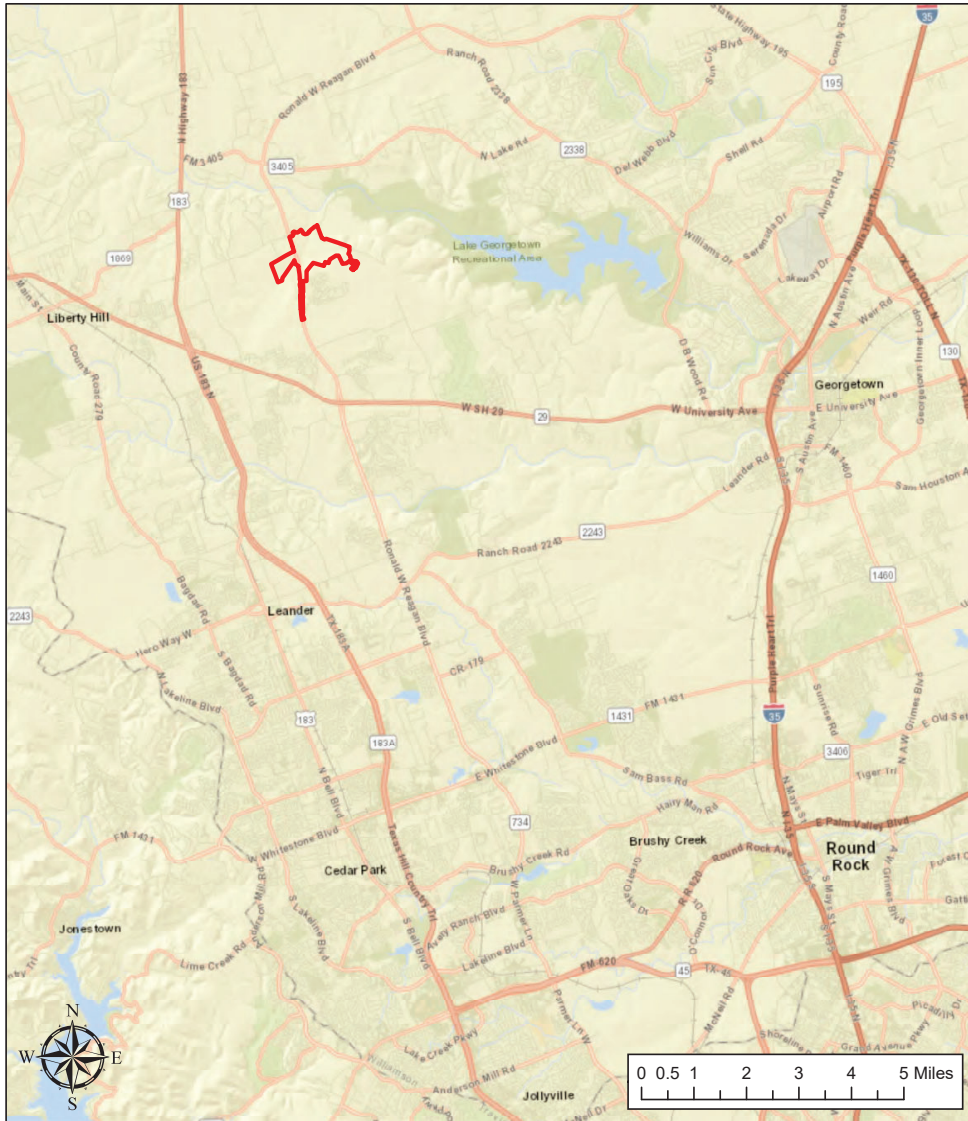
/s/ Robert Anderson  
President, Board of Directors  
Williamson County Municipal Utility District No. 19C

/s/ Scott McLeod  
Secretary, Board of Directors  
Williamson County Municipal Utility District No. 19C

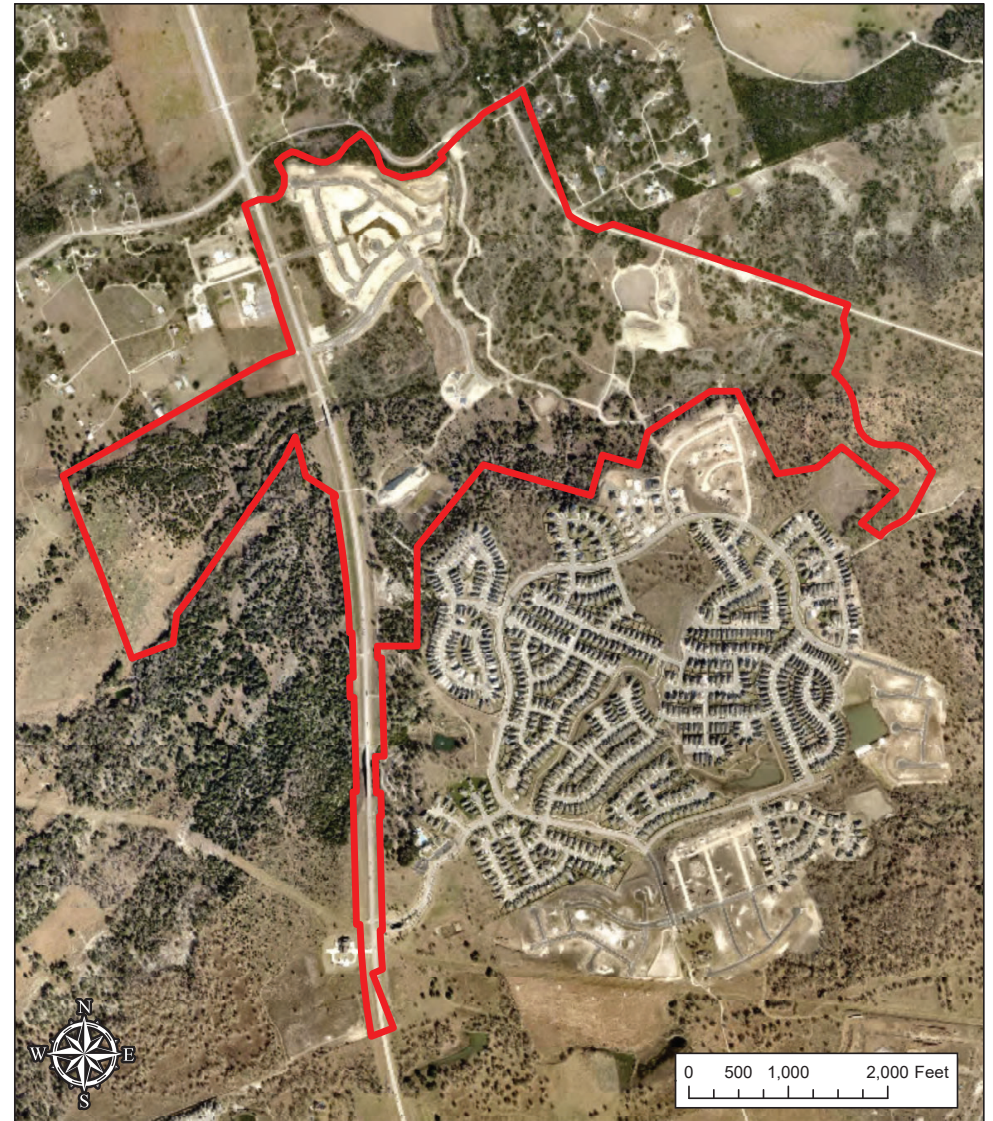
## LOCATION MAP

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Site Location Map



WC MUD 19C  
Location Map

488.48 ACRE TRACT OF LAND SITUATED IN THE GEORGE W. GLASSCOCK SURVEY, ABSTRACT NUMBER 266, THE B. MANLOVE SURVEY, ABSTRACT NUMBER 417, THE WINSLOW TURNER SURVEY, ABSTRACT NUMBER 607, THE NOAH SMITHWICK SURVEY, ABSTRACT NUMBER 590, THE GREENLEAF FISK SURVEY, ABSTRACT NUMBER 5, AND THE WILLIAM W. SMITH SURVEY, ABSTRACT NUMBER 591, WILLIAMSON COUNTY, TEXAS, BEING ALL OF A 488.478 ACRE TRACT OF LAND, COMPRISED OF A PORTION OF A CALLED 507.772 ACRE TRACT CONVEYED TO SRFV DEVELOPMENT, L.L.C., IN DOCUMENT NUMBER 2020153944, A PORTION OF A CALLED 1526.34 ACRE TRACT CONVEYED TO BRAUN FAMILY LIMITED PARTNERSHIP IN DOCUMENT NUMBER 2004033001, A PORTION OF RONALD REAGAN BOULEVARD, A PORTION OF A CALLED 26.40 ACRE TRACT OF LAND (EXHIBIT A-5) CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2014012340, A PORTION OF A CALLED 108.026 ACRE TRACT OF LAND (EXHIBIT A-1) CONVEYED TO SANTA RITA INVESTMENTS, LTD. IN DOCUMENT NUMBER 2020111915, ALL OF THE REMAINDER OF A CALLED 12.00 ACRE TRACT OF LAND (EXHIBIT A-6) CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2014012340, ALL OF THE REMAINDER OF A CALLED 1.877 ACRE TRACT OF LAND (EXHIBIT A-1) CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2020116154, ALL OF A CALLED 1.706 ACRE TRACT OF LAND CONVEYED TO SANTA RITA INVESTMENTS, LTD. IN DOCUMENT NUMBER 2021099266, A PORTION OF A CALLED 5.00 ACRE TRACT OF LAND CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2014012340, ALL OF A CALLED 8.455 ACRE TRACT OF LAND CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2020116154, AND ALL OF A CALLED 14.599 ACRE TRACT OF LAND (EXHIBIT A-3) CONVEYED TO SANTA RITA COMMERCIAL, LLC IN DOCUMENT NUMBER 2020116154, ALL OF THE OFFICIAL PUBLIC RECORDS OF WILLIAMSON COUNTY, TEXAS.



Line #	Length	Bearing	Area	Order	Station	Angle
1	30.25	S73°17'27\"	1.12	1	100.00	90.00
2	12.00	N00°00'00\"	0.00	2	100.00	90.00
3	180.00	S90°00'00\"	0.00	3	100.00	90.00
4	150.00	N00°00'00\"	0.00	4	100.00	90.00
5	30.25	S73°17'27\"	1.12	5	100.00	90.00

Line #	Length	Bearing	Area	Order	Station	Angle
1	30.25	S73°17'27\"	1.12	1	100.00	90.00
2	12.00	N00°00'00\"	0.00	2	100.00	90.00
3	180.00	S90°00'00\"	0.00	3	100.00	90.00
4	150.00	N00°00'00\"	0.00	4	100.00	90.00
5	30.25	S73°17'27\"	1.12	5	100.00	90.00

WE, THE UNDERSIGNED MEMBERS OF THE BOARD OF DIRECTORS OF WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 20 HEREBY CERTIFY THAT THIS MAP IS A COMPLETE AND ACCURATE MAP SHOWING THE BOUNDARIES OF THE SPONSOR.

*Christie Julian*  
 COUNTY CLERK  
 WILLIAMSON COUNTY, TEXAS

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON THE 2nd DAY OF NOVEMBER 2021.

*Christie Julian*  
 COUNTY CLERK  
 WILLIAMSON COUNTY, TEXAS

THIS SURVEY DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY. IT IS NOT INTENDED TO CONVEY OR TRANSFER INTEREST IN ANY PROPERTY, AND THE SOLE INTENT IS TO DESCRIBE THE POSITION BOUNDARY SHOWN HEREIN.

*Carlton Brigrace & Doering, Inc.*  
 15 OCT 2021

BEARING BASED TEXAS COORDINATE SYSTEM, CENTRAL ZONE (4205), NAD83

**CBD** **Carlson, Brigrace & Doering, Inc.**

1500 West Willow Creek • Houston, Texas 77069  
 Phone No. (281) 289-4100 • Fax No. (281) 289-8181

## **PHOTOGRAPHS**

The following photographs were taken in the District. The homes shown in the 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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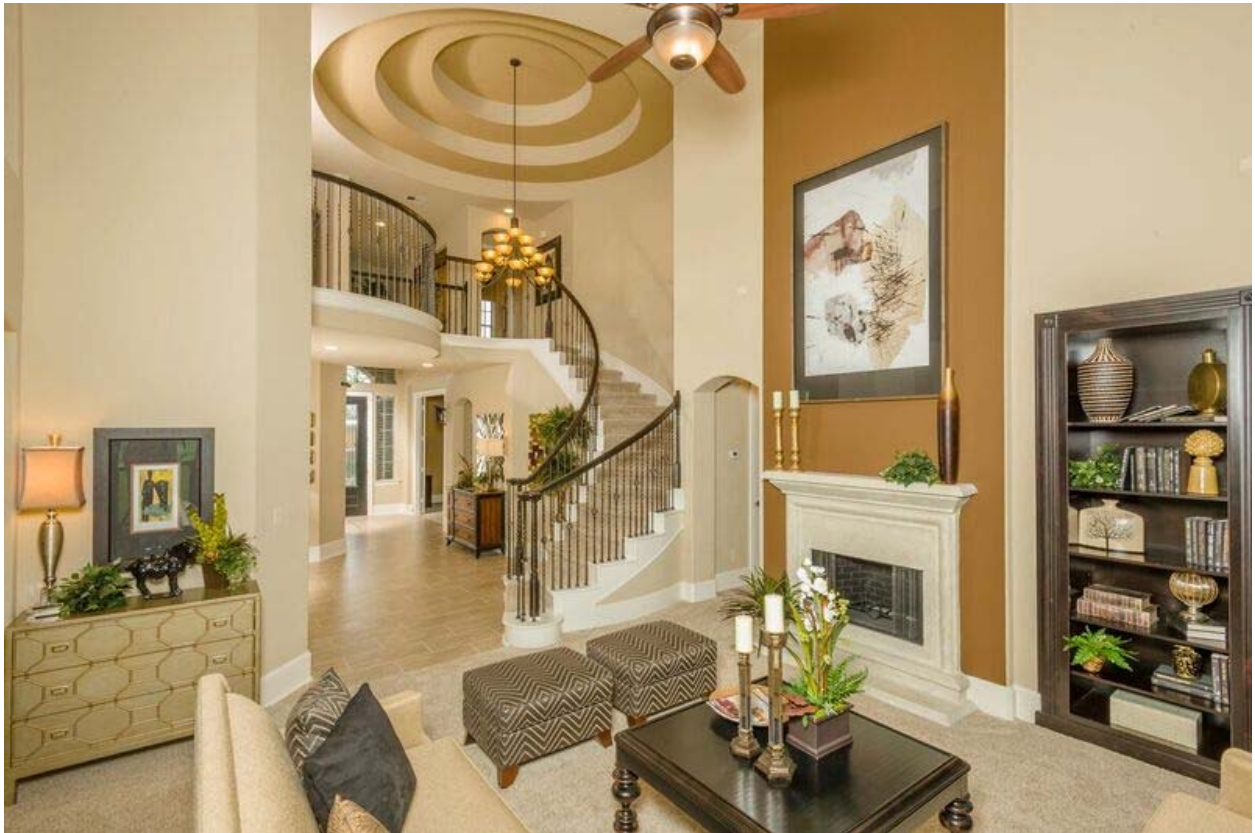












## APPENDIX A\*

### **Unaudited Financial Statement of SRVF Development, LLC**

SRVF Development, LLC (the “SRVF”) has delivered its financial information included in this APPENDIX C (the “Financial Information”) to the District concerning the SRVF for publication in connection with the District’s offer and sale of the Bonds. The Financial Information has been included herein solely as additional information concerning the SRVF and its financial condition and capabilities. Such Financial Information is relevant, among other reasons, to the ability of the SRVF to continue developing its property within the District and to pay ad valorem taxes thereon. However, the SRVF is not, and its partners, members, affiliates are not, responsible for, liable for and has not made any commitment for the payment of the Bonds or any other obligations to the District, and the inclusion of the Financial Information herein should not be construed as an implication to that effect. The SRVF is only responsible to pay taxes to the District in respect of property it owns. See “TAX DATA – Principal Taxpayers” in the Official Statement. The SRVF has no legal or financial commitment to continue development of its land within the District and the SRVF may sell or otherwise dispose of its property within the District at any time. In addition, the financial condition of the SRVF is provided as of the date stated therein and subject to change without notice except as provided below. The District cautions that the Financial Information should not be construed or interpreted as an indication of the investment security of the Bonds or of any other securities proposed to be issued by the District.

The SRVF has represented to the District that the Financial Information pertaining to the SRVF was prepared from their books and records, is a fair and accurate presentation of the items presented and of the financial condition of the SRVF as of the dates stated therein, and does not intentionally fail to disclose any material fact necessary to make such Financial Information not materially misleading, and that there has not been any material adverse change in the financial condition of the SRVF since the dates at which the financial information is presented. Additionally, the SRVF has agreed to inform the District prior to delivery of the Bonds of any material adverse changes in its financial condition since the dates of the Financial Information contained herein.

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\*Pulte is a wholly-owned subsidiary of PulteGroup, Inc., a Michigan corporation (“PulteGroup”). PulteGroup is a publicly traded company whose stock is listed on the New York Stock Exchange. Audited financial statements for PulteGroup can be found online at <https://www.pultegroupinc.com/investor-relations/financial-information/annual-reports/default.aspx>. PulteGroup is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the United States Securities and Exchange Commission (“SEC”). Reports, proxy statements and other information filed by PulteGroup can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

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Financial Statements  
**SRFV Development, LLC**  
March 31, 2023  
*(Unaudited)*

SRFV Development, LLC  
**Statement of Assets and Liabilities**  
*March 31, 2023*  
*(Unaudited)*

<b>Assets</b>	
Real estate	\$ 33,169,076
Cash	749,305
Prepaid expenses	8,672
Other assets	298,653
Total assets	<u>\$ 34,225,706</u>
<b>Liabilities and Members' Equity</b>	
Liabilities	
Accounts payable	\$ 125,975
Payables to affiliates	500,441
Accrued expenses	573,007
Deposits	-
Notes payable - IBC	22,390,836
Total liabilities	<u>23,590,259</u>
Members' equity	10,635,447
Total liabilities and members' equity	<u>\$ 34,225,706</u>

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**SRFV Development, LLC**  
**Statement of Operations**  
*Period ended March 31, 2023*  
*(Unaudited)*

**Revenues**

Sales income	\$	2,343,541
Cost of sales		<u>(2,148,999)</u>
Total revenues		<u>194,542</u>

**Expenses**

Professional fees		42,560
Property taxes		1,863
Insurance		1,001
Interest expense		39,589
Other expenses		<u>1,328</u>
Total expenses		<u>86,340</u>
Net income	\$	<u>108,202</u>

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**APPENDIX B**

**Form of Bond Counsel's Opinion**

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*[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.]*

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 19C  
UNLIMITED TAX BONDS, SERIES 2023A  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$3,195,000**

**AS BOND COUNSEL FOR WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 19C** (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on November 16, 2023 authorizing the issuance of the Bonds (the "Bond Order").

**WE HAVE EXAMINED** the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.

**THE DISTRICT** reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable



from contracts with other persons, including private corporations, municipalities, and political subdivisions.

**IT IS FURTHER OUR OPINION**, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof 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 expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the District with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

**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, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

**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.

**OUR OPINIONS ARE BASED** on existing 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 our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer. We observe that the District has covenanted not to take any action, or omit to take any action within its control,





that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

**OUR SOLE ENGAGEMENT** in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District 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, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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**APPENDIX C**

**Specimen Municipal Bond Insurance Policy**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

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

Effective Date: \_\_\_\_\_

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIAL MEMBER

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES