

OFFICIAL NOTICE OF SALE

\$10,000,000

JOHNSON RANCH MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Comal County, Texas)

UNLIMITED TAX UTILITY SYSTEM BONDS, SERIES 2024

Sealed Bids Due: March 12, 2024, at 10:00 a.m., Local time
Award: March 12, 2024, at Noon, Local time

The Bonds are obligations solely of Johnson Ranch Municipal Utility District (the "District") and are not obligations of the City of Bulverde, Texas; Comal County, Texas; the State of Texas; or any entity or political subdivision other than the District.

THE DISTRICT PLANS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

Bonds Offered for Sale at Competitive Bidding . . . The District is offering for sale its \$10,000,000 Unlimited Tax Utility System Bonds, Series 2024 (the "Bonds").

Place and Time of Bid Opening . . . The Board will open and publicly read sealed bids for purchase of the Bonds at the designated meeting place outside the boundaries of the District at the offices of District at the Johnson Ranch Amenity Center located at 31020 Clover Pass, Bulverde, Texas 78163, at Noon, local time.

Award of Bonds . . . On the day of the sale at Noon, the Board of Directors of the District (the "Board") will hold at a meeting at which it will take action to award the Bonds or reject all bids promptly upon the opening of bids. Upon awarding the Bonds, the District will also adopt the order authorizing issuance of the Bonds (the "Bond Order") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Order to which Bond Order reference is hereby made for all purposes.

Address of Bids/Bids Delivered in Person . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to the Board and, if delivered in person, delivered to the designated meeting place outside the boundaries of the District at the Johnson Ranch Amenity Center located at 31020 Clover Pass, Bulverde, Texas 78163, **by 10:00 a.m., local time**, on the date of the bid opening. All bids must be submitted on the "Official Bid Form" without alteration or interlineation. Copies of the Official Bid Form accompany the this Official Notice of Sale.

Electronic Bidding Procedure . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, NY 10018, (212) 849-5000.

Notice is hereby given that electronic proposals may be submitted electronically via **PARITY** pursuant to this Notice of Sale, **until 10:00 a.m. local time**, but no bid will be received after the time for receiving bids specified above.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "CONDITIONS OF SALE - Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

THE BONDS

Description of Bonds . . . The Bonds will be dated April 9, 2024, and interest on the Bonds will be payable on February 1 and August 1 of each year, commencing August 1, 2024 (each an “Interest Payment Date”), until maturity or earlier redemption. 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 pursuant to the Book-Entry-Only System described in the PRELIMINARY OFFICIAL STATEMENT. No physical delivery of the Bonds will be made to the owners thereof. The initial paying agent/registrars (the “Paying Agent”) is BOKF, NA, Dallas, Texas. The Bonds mature serially on August 1 in the years and amounts shown below.

<u>Principal Amount Maturing</u>	<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Year of Maturity</u>
\$ 250,000	2025	\$475,000	2036 ⁽ⁱ⁾
265,000	2026	505,000	2037 ⁽ⁱ⁾
280,000	2027	535,000	2038 ⁽ⁱ⁾
300,000	2028	565,000	2039 ⁽ⁱ⁾
315,000	2029	600,000	2040 ⁽ⁱ⁾
335,000	2030	635,000	2041 ⁽ⁱ⁾
355,000	2031	675,000	2042 ⁽ⁱ⁾
375,000	2032 ⁽ⁱ⁾	715,000	2043 ⁽ⁱ⁾
400,000	2033 ⁽ⁱ⁾	755,000	2044 ⁽ⁱ⁾
420,000	2034 ⁽ⁱ⁾	800,000	2045 ⁽ⁱ⁾
445,000	2035 ⁽ⁱ⁾		

- (i) The District reserves the right to redeem, prior to maturity, those Bonds maturing on and after August 1, 2032, in whole or from time to time in part on August 1, 2031, or any date thereafter, in integral multiples of \$5,000 at a price of par plus accrued interest from the most recent Interest Payment Date to the date fixed for redemption.

Serial Bonds and/or Term Bonds . . . Bidders may provide that all of the Bonds be issued as Bonds maturing serially as shown above (the “Serial Bonds”) or may provide that any two or more consecutive maturing annual principal amounts be combined into one or more “Term Bonds”. In the event any of the Bonds are structured as Term Bonds at the option of the Initial Purchaser (as defined herein), such Term Bond will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order, which provisions will be included in the final Official Statement.

Source of Payment . . . The Bonds, when issued, will constitute valid and binding obligations of the District payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax levied against taxable property located within the District, without legal limitation as to rate or amount, as described in the Preliminary Official Statement. See “THE BONDS – Source of Payment” in the Preliminary Official Statement.

Other Terms and Covenants . . . Other terms of the Bonds and various covenants of the District contained in the Bond Order under which the Bonds are to be issued are described in the Preliminary Official Statement, to which reference is made for all purposes.

Book-Entry-Only System . . . The District intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

Municipal Bond Rating . . . The Bonds have been assigned a rating of “Baa1” by Moody’s Investors Service (“Moody’s”).

CONDITIONS OF SALE

Types of Bids and Interest Rates . . . The Bonds will be sold in one block, on an all or none basis, and no bid of less than 97% of par value plus accrued interest to the date fixed for delivery will be accepted. The net effective interest rate must not exceed 6.23% pursuant to an Order of the Texas Commission on Environmental Quality. Bidders must specify the rate or rates of interest the Bonds will bear, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used and the highest interest rate bid may not exceed the lowest interest rate bid by more than 3% in rate. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid.

Basis of Award . . . For the purpose of awarding the sale of the Bonds, the total interest cost of each bid will be computed by determining, at the rate or rates specified, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting therefrom the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest net effective interest rate. In the event of mathematical discrepancies between the interest rates and the interest costs determined therefrom, as both appear on the "Official Bid Form," the bid will be determined solely from the interest rates shown on the "Official Bid Form."

Contracting Information . . . The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, the bidder and each syndicate member listed on the Official Bid Form will (i) preserve all contracting information related to the bid as provided by the records retention requirements applicable to the District through the delivery date of the Bonds, (ii) promptly provide to the District any contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member on request of the District, and (iii) upon delivery of the Bonds to the bidder, either (a) provide at no cost to the District all contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member or (b) preserve the contracting information related to the bid as provided by the records retention requirements applicable to the District. The term "contracting information" as used in this paragraph has the meaning assigned to such term in Section 552.003 of the Texas Government Code.

Good Faith Deposit . . . Each bid must be accompanied by a bank cashier's check payable to the order of "Johnson Ranch Municipal Utility District" in the amount of \$200,000, which is 2% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the "Initial Purchaser") will be retained un-cashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser un-cashed. In the event the Initial Purchaser should fail or refuse to accept delivery of and pay for the Bonds in accordance with its bid, then the check will be cashed and the proceeds accepted by the District as full and complete liquidated damages. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn, which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Bonds has been made.

Obligation of the District to Receive Information from Initial Purchaser....Pursuant to Texas Government Code, Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the bidder either: (a) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"), or (b) represents to the District by marking the appropriate check box on the signature page of the Official Bid Form that the bidder represents to the District that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity (the "Publicly Traded Entity Representation"). In the event that the bidder's bid for the Bonds is the best bid received and the bidder does not provide the Publicly Traded Entity Representation, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid and the winning bidder must promptly file the materials described below.

The Disclosure Form can be found at <https://www.ethics.state.tx.us/filinginfo/1295/> and reference should be made to the following information to complete it: (a) item 2 — Johnson Ranch Municipal Utility District, (b) item 3 — (identification number assigned to this contract) "JRMUD S2024" and (c) item 3 — (description of goods or services) Initial Purchaser of Bonds.

If the bidder doesn't provide the Publicly Traded Entity Representation, the District cannot accept your bid unless and until you: (i) complete the Disclosure Form electronically at the TEC's "electronic portal", and (ii) print, sign and deliver a copy of the Disclosure Form that is generated by the TEC's "electronic portal." These materials must be delivered electronically to the District's Bond Counsel at traymond@orrick.com and Financial Advisor at clane@samcocapital.com no later than 12:00p.m. (CDT) on the bid due date.

If the Disclosure Form is required, time will be of the essence in submitting the form to the District, and no bid will be accepted by the District unless a completed Disclosure Form is received on time. If multiple entities are listed on the winning Official Bid Form and the Publicly Traded Entity Representation is not provided, each such entity will be required to submit a Disclosure Form to the District.

Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid.

If the apparent winning bidder fails to promptly file the Disclosure Form, the District reserves the right to reject such bid and, through its financial advisor, provide conditional verbal acceptance to the bidder submitting a bid, conforming to the specifications herein, which produces the next, lowest net effective interest rate to the District.

Impact of Bidding Syndicate on Award....For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Statutory Representations and Covenants. . . By submitting a bid, each bidder makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used in therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created thereby (the "Purchase Contract") shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or this Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

Not a Sanctioned Company. Each bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott of Israel. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Standing Letter Requirement . . The winning bidder represents that it, and each syndicate member listed on the Official Bid form, if any, has, as of the date bids are due on the Bonds and as of closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications described above under "Statutory Representations and Covenants" in this Notice of Sale in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2023) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking written verification that such bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (a "Request Letter"), the winning bidder shall promptly notify the District and Bond Counsel (if it has not already done so) and provide to the District or Bond Counsel, two (2) business days prior to closing and additionally upon request by the District or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the District and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail.

The District reserves the right, in its sole discretion, to reject any bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. In the event that a bidder does not have such standing letter on file at the time of submission of a bid, the bidder agrees to file such standing letter with the Municipal Advisory Council of Texas and the Texas Attorney General's Office by the earlier of: (a) two (2) hours after submitting its bid, and (b) the deadline for bids for the Bonds.

OFFICIAL STATEMENT

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC").

Final Official Statement . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential Initial Purchasers of the Bonds but will not prepare any other document or version for such purpose, except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT - Certification as to Official Statement."

Changes to 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 SEC Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule 15c2-12) 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 below. See "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 15c2-12), 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 25 days after all 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 15c2-12.

Delivery of Official Statements . . . The District will furnish to the Initial Purchaser (and to each other participating Initial Purchaser of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements requested but not in excess of 50 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential Initial Purchasers of the Bonds as described above as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 90th day after the end of the underwriting period referred to in SEC Rule 15c2-12(e)(2). The District will pay the expense of preparing up to 50 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

Severability . . . In case any provision herein, or application thereof, shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions or applications shall not in any way be affected or impaired thereby.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery . . . The Initial Bond will be tendered to the Initial Purchaser as a single typewritten, photocopied or otherwise reproduced bond for the entire issue in fully registered form in the aggregate principal amount of \$10,000,000 payable to the Initial Purchaser or its representative as designated in the Official Bid Form, and approved by the Attorney General of the State of Texas and registered and signed by the Comptroller of Public Accounts of the State of Texas. Upon delivery of the Initial Bond, it shall be immediately canceled and one definitive Bond for each maturity will be registered to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Initial delivery will be at the designated office for payment of the Paying Agent in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The District will endeavor to provide at least five (5) business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about April 9, 2024, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds no later than 10:00 a.m., local time on April 9, 2024 or thereafter on the date the Bonds are tendered for delivery up to and including May 9, 2024. If for any reason the District is unable to make delivery on or before April 9, 2024, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within five (5) business days thereafter, then the Good Faith

Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation. In no event will the District be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the District's reasonable control.

CUSIP Numbers . . . It is anticipated that CUSIP identification numbers will be printed or otherwise reproduced on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause of a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

Conditions to Delivery . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas, the legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel for the District ("Bond Counsel"), the no-litigation certificate, as described below, and the non-occurrence of the events described below under "No Material Adverse Change". In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

Legal Opinions . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of a continual direct annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of Bond Counsel, based upon the assumption described in the Preliminary Official Statement under the heading "LEGAL MATTERS – Legal Proceedings," to the effect that the Bonds are valid and binding obligations of the District and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Preliminary Official Statement. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

Certification of Issue Price . . . In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the District (on or before the date of delivery of the Bonds) a certification as to the "issue price" of the Bonds substantially in the form accompanying this "Notice of Sale" of the Bonds. In the event the successful bidder will not re-offer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District and Bond Counsel. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.

Competitive Bidding and Certificate Regarding Issue Price . . . In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Treasury Regulation § 1.148-1(f)(3)(i), allowing the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the Bonds, the District will treat (i) the first price at which 10 percent of a maturity of the Bonds is sold to the public as the issue price of that maturity (the "10 percent rule") or (b) if the Initial Purchaser has agreed in writing not to sell or offer certain maturities of the Bonds at a price higher than the initial offering price for such maturities for a period of five business days after the sale date, the initial offering price to the public as of the sale date of such maturities of the Bonds is the issue price of that maturity (the "hold the price rule"). With respect to the maturities of the Bonds that are subject to the 10 percent rule, if the 10 percent rule has not been satisfied as to any maturity of the Bonds, the Initial Purchaser agrees to promptly report to SAMCO Capital Markets, Inc., the prices at which it sells Bonds of that maturity to the public. This reporting obligation shall continue, whether or not the Bonds have been delivered, until the 10 percent rule has been satisfied. Alternative language is included in the Certificate Regarding Issue Price for use (I) when the competitive sale requirements of Treasury Regulation §1.148-1(f)(3)(i) are met and (II) when such requirements are not met.

Qualified Tax-Exempt Obligations for Financial Institutions . . . Section 265(a) of the Code provides, in general, that interest paid or incurred by a taxpayer, including a "financial institution," as defined in the code, on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining 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 which is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," which are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any subordinate issuers) who issues no more than \$10,000,000 of tax-exempt

obligations during the 2022 calendar year. Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

The District expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action, which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as "qualified tax-exempt obligations."

No Material Adverse Change . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that at the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition of the District from those set forth in or contemplated by the Preliminary Official Statement as it may have been supplemented or amended through the date of sale.

No-Litigation Certificate . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, substantially to the effect that to the best of the District's knowledge no litigation of any nature is pending or, to the best of the certifying officers' knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision 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 or the title of the present officers and directors of the District.

Rule G-32 Requirements . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rulemaking Board's Rule G-32 within the required time frame. The Initial Purchaser must send two copies of the Official Statement along with two complete Form G-32's to the appropriate address.

CONTINUING DISCLOSURE AGREEMENT

The District will agree in the Bond Order to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's (s) or its (their) agent's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser of a certified copy of the Bond Order containing the agreement described under such heading.

GENERAL CONSIDERATIONS

Investment Considerations . . . The Bonds involve certain investment considerations and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the investment considerations associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "INVESTMENT CONSIDERATIONS."

Reservation of Rights . . . The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

Not an Offer to Sell . . . This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form

Registration and Qualification Under Securities Laws . . . The Bonds will not be registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, 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.

By submission of a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service or process in any jurisdiction.

Copies of Documents . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Order may be obtained at the offices of SAMCO Capital Markets, Inc., 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731, Financial Advisor to the District.

Sheryl Short, President
Board of Directors
Johnson Ranch Municipal Utility District

February 28, 2024

Our calculation (which is not a part of this bid) of the interest cost from the above bid is:

Total Interest Cost.....	\$ _____
Plus: Cash Discount.....	\$ _____
Net Interest Cost	\$ _____
Net Effective Interest Rate.....	_____ %

The initial bond shall be registered in the name of Cede & Co. We will advise the office for payment of BOKF, NA, Dallas, Texas the Paying Agent, on forms to be provided by the Paying Agent, of our registration instructions at least five (5) business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Paying Agent to accept any registration instructions after the five (5) day period for delivery of Bonds on the closing date.

Cashier's Check No. _____, issued by _____(name of bank) and payable to your order in the amount of \$200,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us in accordance with the Official Notice of Sale. We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

The undersigned bidder and each syndicate member listed herein makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used in therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder and each syndicate member listed herein within the meaning of Securities and Exchange Commission Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Bonds created thereby (the "Purchase Contract") shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the bid or this Official Notice of Sale, notwithstanding anything herein or therein to the contrary. The term of this Purchase Contract terminates upon the date of delivery of the Bonds or, if earlier, exercise of a termination right (which may not be based on and existing or incipient breach of a verification).

The undersigned bidder and each syndicate member listed herein represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each bidder and each syndicate member listed herein and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

The undersigned bidder and each syndicate member listed herein hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

The undersigned bidder and each syndicate member listed herein hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies. The undersigned bidder and each syndicate member listed herein hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, BOKF, NA, Dallas, Texas not later than 10:00 AM, local time, on April 9, 2024, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale. It will be the obligation of the Initial Purchaser of the Utility Bonds to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the District, at least six (6) business days prior to the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. To the extent that such "issue price" certificate is not adequate for inclusion in the District's federal tax certificate, the undersigned agrees to execute an issue price certificate as may be required by the District's Bond Counsel. The undersigned further agrees to provide in writing the initial reoffering prices and other terms, if any, to SAMCO Capital Markets, Inc. by the close of the next business day after the award.

Upon acceptance of this bid by the District, the accepted bid and Official Notice of Sale will together comprise a binding contract between the winning bidder and the District in accordance with their terms. The acceptance of the bid creates a binding contract with a term that extends until the Bonds are taken up and paid for by the bidder or any earlier termination of this contract in accordance with the terms of the Official Notice of Sale.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the District, upon notification of conditional verbal acceptance, the undersigned will complete an electronic Disclosure Form through the TEC electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the District's financial advisor at clane@samcocapital.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

Entity Submitting Bid - Check One:

_____ Disclosure Form - Entity will provide a Disclosure Form as and when required by the Notice of Sale.

_____ Publicly Traded Entity Representation - The entity hereby represents to the District that it is a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

(Syndicate members, if any)

Respectfully submitted,

By: _____

Authorized Representative

Phone Number: _____

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Johnson Ranch Municipal Utility District this _____ day
of _____, 2024.

ATTEST:

Secretary, Board of Directors

President, Board of Directors

\$10,000,000
JOHNSON RANCH MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Comal County, Texas)
UNLIMITED TAX UTILITY SYSTEM BONDS, SERIES 2024

ISSUE PRICE CERTIFICATE

The undersigned, being a duly authorized representative of the underwriter or the manager of the syndicate of underwriters (“Underwriter”) which has purchased the Unlimited Tax Utility System Bonds (the “Bonds”), being issued by Johnson Ranch Municipal Utility District (the “Issuer”), hereby certifies and represents, based on its records and information, as follows:

(1) On the Sale Date, the Underwriter’s reasonably expected initial offering price of each Maturity of the Bonds (the “Expected Offering Price”) to as the Public is set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Issue Price Certificate as **Schedule A**. The Expected Offering Prices are the prices for the Bonds used by the Underwriter in formulating its bid to purchase the Bonds.

(2) The Underwriter had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).

(3) The bid submitted by the Underwriter constituted a firm bid to purchase the Bonds.

(4) The Underwriter has made a bona fide offering of all the Bonds of each Maturity to the Public at its Expected Offering Price set forth in **Schedule A**.

If less than 3 qualified bids are received from underwriters please attach Schedule B.

(5) On the Sale Date, the first price at which at least 10% of each Maturity of the Bonds, except for Bonds listed on Schedule B (the “Hold-the-Offering-Price Maturities”), was sold to the Public is the respective price listed in Schedule A.

(6) As set forth in the Notice of Sale for the Bonds, the Underwriter has agreed in writing that, (i) for each of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Expected Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Bonds of the Hold-the-Offering-Price Maturities to any person at a price that is higher than the respective Expected Offering Price for that Maturity of the Bonds during the Holding Period.

(7) ***Defined Terms.***

(i) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule B hereto as the “Hold-the-Offering-Price Maturities.”

(ii) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Expected Offering Price for such Hold-the-Offering-Price Maturity.

(iii) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iv) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(v) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Bonds. The Sale Date of the Bonds is March 12, 2024.

(vi) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(8) Please choose the appropriate statement:

() Purchaser will not purchase bond insurance for the Bonds.

() Purchaser will purchase bond insurance from _____ (the “Insurer”) for a fee/premium of \$ _____ (the “Fee”). To the best of the undersigned’s knowledge, information and belief, based upon the facts available at this time and current market conditions, the Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Bonds and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. Purchaser represents that the present value of the Fee for each obligation constituting the Bonds to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. No portion of the Fee is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such Fee that has not been earned.

The undersigned understands that the foregoing information will be relied upon by Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Underwriter is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

[Initial Purchaser]

By: _____

Name: _____

Dated: _____, 2024

SCHEDULE A
PRICING WIRE
(Attached)

SCHEDULE B
HOLD-THE-OFFERING-PRICE MATURITIES

(Attached)

**NEW ISSUE
ONLY**

**BOOK-ENTRY-
RATING: MOODY'S: Baa1
SEE: "MUNICIPAL BOND INSURANCE AND RATING"**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

THE DISTRICT WILL DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

\$10,000,000
JOHNSON RANCH MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Comal County, Texas)
UNLIMITED TAX UTILITY SYSTEM BONDS, SERIES 2024

Dated: Date of Delivery (defined herein)

Due: August 1, as shown below

Interest on the herein described bonds (the "Bonds") will accrue from date of delivery and is payable on February 1 and August 1 of each year, commencing August 1, 2024 (each an "Interest Payment Date"), 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. See "BOOK-ENTRY ONLY SYSTEM." 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/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial Paying Agent/Registrar/Registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are obligations solely of the Johnson Ranch Municipal Utility District (the "District") and are not obligations of the City of Bulverde, Texas; Comal County, Texas; the State of Texas; or any entity other than the District.

MATURITY SCHEDULE

See Schedule on page 2

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation to rate or amount, levied against taxable property within the District. See "THE BONDS - Source of Payment." THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. Bond purchasers are encouraged to read this entire Official Statement prior to making an investment decision, including particularly the section titled "INVESTMENT CONSIDERATIONS."

The District has submitted applications to municipal bond insurance companies to have the payment of the principal and interest on the Bonds insured by a municipal bond insurance policy. See "MUNICIPAL BOND INSURANCE AND RATING" and "BOND INSURANCE RISK FACTORS" herein.

The Bonds are offered, when, as and if issued by the District subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the legal opinion of Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel and Disclosure Counsel. Delivery of the Bonds is expected through DTC on or about April 9, 2024 (the "Date of Delivery").

BIDS DUE MARCH 12, 2024, 10:00 AM C.S.T

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of any such jurisdiction.

**MATURITIES
(Due August 1)**

<u>Principal Amount (a)</u>	<u>Interest Rate (b)</u>	<u>Due</u>	<u>Initial Reoffering Yield (c)</u>	<u>CUSIP Suffix</u>	<u>Principal Amount (a)</u>	<u>Interest Rate (b)</u>	<u>Due</u>	<u>Initial Reoffering Yield (c)</u>	<u>CUSIP Suffix (d)</u>
\$250,000	_____	2025	_____		\$475,000	_____	2036(e)	_____	
265,000		2026			505,000		2037(e)		
280,000		2027			535,000		2038(e)		
300,000		2028			565,000		2039(e)		
315,000		2029			600,000		2040(e)		
335,000		2030			635,000		2041(e)		
355,000		2031			675,000		2042(e)		
375,000		2032(e)			715,000		2043(e)		
400,000		2033(e)			755,000		2044(e)		
420,000		2034(e)			800,000		2045(e)		
445,000		2035(e)							

CUSIP Prefix: _____

- (a) The Initial Purchaser may elect to designate one or more term Bonds. See accompanying Official Notice of Sale and Official Bid Form.
- (b) 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 _____% of par resulting in a net effective interest rate to the District of _____%.
- (c) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call 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. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (d) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by 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 Global Services. None of the Initial Purchaser, the District nor the Financial Advisor shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (e) The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 1, 2032, in whole or from time to time in part, on August 1, 2031, and 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. In the event any of the Bonds are structured as "term" Bonds at the option of the Initial Purchaser (as defined herein), such term Bond will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order (as defined herein), which provisions will be included in the final Official Statement. See "THE BONDS - Redemption Provisions".

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For purposes of compliance with Rule 15c2-12 of the United States Security and Exchange Commission (the "Rule"), this document constitutes a Preliminary Official Statement of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for omission of the information permitted by the Rule.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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 SAMCO Capital Markets, Inc. 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, and to the extent that information actually comes to its attention, other matters described in the "Official Statement" until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT - Updating the Official Statement During Underwriting Period."

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on page 2 of this Official Statement at a price of _____% 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 sole responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over - allot or effect transactions which stabilize or maintain

the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the 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.

Municipal Bond Insurance and Rating

The District has made an application for a commitment to provide municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating company other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Initial Purchaser. Moody's Investor Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's. The District will pay the rating fees charged by Moody's.

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OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

- The Issuer Johnson Ranch Municipal Utility District (the "District"), is a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The District, originally known as the "Comal County Water Control and Improvement District No. 1," was created by an order of the Comal County Commissioners Court approved on February 1, 2007 and executed on February 20, 2007 as a "water control and improvement district," pursuant to Article XVI, Section 59 of the Texas Constitution, operating under Chapters 49 and 51, Texas Water Code, as amended. On September 29, 2009, the Texas Commission on Environmental Quality (the "TCEQ"), entered an order converting the District to a municipal utility district operating under Chapters 49 and 54, Texas Water Code, as amended, and possessing road powers pursuant to Article III, Section 52 of the Texas Constitution, and changing the District's name to "Johnson Ranch Municipal Utility District." The creation of the District was confirmed at an election held within the District on May 8, 2010. On November 28, 2016, the 345th District Court in Travis County issued a final declaratory judgment (the "District Court Order") in a bond validation lawsuit (the "Bond Validation Suit") pursuant to Chapter 1205, Texas Government Code, in which the court decreed that (i) the District was validly and legally created and organized pursuant to Chapters 49 and 51 of the Texas Water Code, (ii) the District was validly and legally converted into a municipal utility district, (iii) the District's name was properly changed to Johnson Ranch Municipal Utility District, and (iv) the District's confirmation and director election and bond and operations and maintenance tax election held on May 8, 2010 was validly conducted in accordance with the provisions of the Texas Water Code and the Texas Election Code. Certain owners of property adjacent to the District intervened in the Bond Validation Suit and appealed the District Court Order, which appeal of the District Court Order was dismissed on March 16, 2017. The District is authorized, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation, and treatment of wastewater, the construction and maintenance of public roadways, and the control and diversion of storm water to the property within the District. See "THE DISTRICT – General".
- Location..... The District, which encompasses approximately 748 acres of land, is located in Comal County, approximately 1 mile east of the City of Bulverde, Texas (the "City" or "Bulverde") and just east of U.S. Hwy. 281 and north of FM 1863. The District fronts approximately nine-tenths of a mile along the east side of U.S. Highway 281. The property within the District also fronts approximately one-third of a mile along the north side of FM 1863 beginning at a point approximately three-fourths of a mile east of U.S. Hwy. 281. The District lies approximately 23 miles northwest of the City of San Antonio's central business district and 2 miles southeast of the City of Bulverde's central business district. The District lies totally within the extraterritorial jurisdiction of the City of Bulverde, and wholly within the boundaries of the Comal Independent School District. See "THE DISTRICT".
- Developers..... There is currently one active developer operating within the District: DHJB Development, LLC, a Texas limited liability company ("DHJB"). DHJB is developing Johnson Ranch South (as defined herein). DHJB is a successor in interest to DH/JB Development, Inc., a Texas corporation (the "Original Developer") and a party to the DHJB UCA (as defined herein). Lennar Homes of

Texas Land and Construction, Ltd. a Texas limited partnership (“Lennar”) has completed the development of Johnson Ranch North (as defined herein). Lennar is also a successor in interest to the Original Developer and a party to the Lennar UCA (as defined herein). Approximately 42 acres of undeveloped land within the District is owned by Clyde Johnson and Sons Hereford Ranch, Ltd., a Texas family limited partnership (the "Johnson Family Partnership" and together with DHJB and Lennar referred to individually as “Developer” or “Developers” herein). See “DEVELOPERS” AND “THE DISTRICT – Historical and Current Status of Development”.

Development within

The District..... As of December 2023, approximately 557 acres of the approximately 748 acres of land within the have been developed and/or is currently platted or under construction upon what are known as Johnson Ranch South Units 1, 2, 3, 4, 5, and 6; and Johnson Ranch North Units 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10. The remaining three sections of 141 single family homes are currently in design and construction in Johnson Ranch South Units 7, 8 and 9. The Developers calculate that there is approximately 41 acres of land not currently developed in Johnson Ranch South.. The Development Agreement (as defined herein) provides certain limitations on development, including single-family lot density restrictions, and may limit the any future development of these 41 acres.

District utility facilities have been constructed with capacity to serve all the land area within the District. Development within the District as of December 31, 2023 includes the following: (a) 864 finished residential lots upon which 788 homes have been completed plus 23 homes under construction leaving 53 vacant developed residential lots;(b) one site for the Johnson Ranch Elementary School , one site for the Bulverde / Spring Branch EMS and Fire Station (ESD 1&5), one site for assisted living facility, one site for a senior living facility; (c) a community Amenity Center with swimming pool, basketball / sports court and play scape situated on approximately 5 acres; (d) two water storage, a 350,000 gallon per day permanent wastewater treatment plant (operational March 2022) , two water receiving and distribution facilities, two wastewater lift stations, two stormwater detention ponds and a water quality pond. The two temporary package wastewater treatment plants were constructed and operated until the permanent plant was designed, constructed and permitted. The temporary plants have been decommissioned and removed from District property.

Homebuilders..... There are currently four active homebuilders within the District, Lennar Homes, New Leaf Homes, Perry Homes, and Whitestone Custom Homes. New homes by these homebuilders range from the \$300,000 to the \$900,000+ price range. These base prices do not include lot premiums or buyer requested upgrades. See “THE DISTRICT – Historical and Current Status of Development.”

THE BONDS

Description The Bonds, in the aggregate principal amount of \$10,000,000, mature annually in varying amounts on August 1 of each year from 2025 through 2045. Interest accrues from the date of delivery at the rates per annum set forth on page 2 hereof and is payable on February 1 and August 1 of each year, commencing August 1, 2024, 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..... Bonds maturing on and after August 1, 2032 are subject to optional redemption, in whole or from time to time in part, at the option of the District on August 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. In the event any of the Bonds are structured as “term” Bonds at the option of the Initial Purchaser (as defined herein), such term Bond will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Bond Order (as defined herein), which

provisions will be included in the final Official Statement. See “THE BONDS – Redemption Provisions”.

Source of Payment.....	Principal 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 limited as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Comal County, Texas; the City of Bulverde, Texas or any other political subdivision or entity other than the District. See "THE BONDS - Source of Payment."
Payment Record.....	The District has never defaulted on the payment of any obligation. See “FINANICAL 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 particularly Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the boundaries of the District, an order of the TCEQ, and an order (the “Bond Order”) adopted by the Board of Directors of the District. See “THE BONDS - Authority for Issuance.”
Use of Proceeds	The proceeds of the Bonds will be used to acquire (i) water, wastewater and drainage facilities and other related facilities; (ii) to finance certain engineering, and legal costs; and (iii) District operating costs. In addition, Bond proceeds will be used to capitalize approximately two years of interest on the Bonds and to pay certain costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
Bonds Authorized But Unissued	The Bonds are the third installment of \$61,408,587 in bonds authorized at an election held within the District on May 8, 2010 (the “Utility Bond Authorization”) for the purpose or purposes of purchasing, constructing or otherwise acquiring a water and wastewater and drainage system for the District. After the sale of the Bonds, \$37,408,587 in bonds from the Utility Bond Authorization will remain authorized. The District also has \$61,408,587 in bonds authorized and remaining for the purpose of refunding all or any portion of the utility bonds. In addition, \$10,172,314 is authorized by the District voters for the construction of a roadway system along with \$10,172,314 in road refunding bonds.
Municipal Bond Insurance and Rating.....	The District has made an application for a commitment to provide municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating company other than Moody’s Investors Service, Inc. (“Moody’s”), will be at the option and expense of the Initial Purchaser. Moody’s Investor Service, Inc. (“Moody’s”) has assigned an underlying credit rating of “Baa1” to the Bonds. An explanation of the rating may be obtained from Moody’s. The District will pay the rating fees charged by Moody’s. See "MUNICIPAL BOND INSURANCE AND RATING" and "BOND INSURANCE RISK FACTORS."
Qualified Tax-Exempt Obligations	The District expects to designate the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2024 is not reasonably expected to exceed \$10,000,000. See "LEGAL MATTERS - Qualified Tax-Exempt Obligations".

General Counsel Davidson Troilo Ream & Garza, PC, San Antonio, Texas.
Bond Counsel &
Disclosure Counsel Orrick, Herrington & Sutcliffe LLP, Austin, Texas.
Financial Advisor SAMCO Capital Markets, Inc., Austin, Texas.
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INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations, and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS," with respect to the investment security of the Bonds and other factors described therein.

SELECTED FINANCIAL INFORMATION
(Unaudited as of January 11, 2024)

2023 Assessed Valuation as of January 11, 2024 (100% of estimated market value)	\$358,903,298	(a)
Gross Debt Outstanding (after issuance of the Bonds)	\$ 20,720,000	(b)
Ratio of Gross Debt to 2023 Assessed Valuation as of January 11, 2024	5.77%	
2023 Tax Rate		
Debt Service	\$0.5445	
Maintenance & Operations	\$0.2555	
Total.....	\$0.8000	
Interest and Sinking Fund Balance (As of February 13, 2024)	\$1,714,368	(c)
Average percentage of current tax collections - Tax Years 2018/2022	99.60%	
Average percentage of total tax collections - Tax Years 2018/2022	99.92%	
Projected Average Annual Debt Service Requirement (2025/2045) of the Bonds and the Outstanding Bonds ("Projected Average Requirement").....	\$1,392,336.75	
Tax rate required to pay Projected Average Requirement based upon 2023 Assessed Valuation at 95% collections as of December 21, 2023.....	\$0.41/\$100 A.V.	
Projected Maximum Annual Debt Service Requirement (2033) of the Bonds and the Outstanding Bonds ("Projected Maximum Requirement").....	\$2,003,031	
Tax rate required to pay Projected Maximum Requirement based upon 2023 Assessed Valuation at 95% collections as of December 21, 2023.....	\$0.59/\$100 A.V.	
Number of active single-family connections as of December 21, 2023	788	(d)
Estimated population as of December 2023	2,758	(e)

- (a) 2023 Certified Taxable Assessed Value within the District as of January 11, 2024 as provided by the Comal Appraisal District ("CAD"). See "TAXING PROCEDURES."
- (b) Includes the Bonds. Preliminary, subject to change. See "FINANCIAL STATEMENT – Outstanding Bonds."
- (c) Unaudited. Included in the sale of Bonds is approximately two years of capitalized interest cost estimated at 6.00% of the principal amount of the Bonds (est. \$1,200,000) which will be deposited to the Interest and Sinking Fund (as defined herein) upon closing. Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the Interest and Sinking Fund.
- (d) Includes 14 builder connections.
- (e) Based on 3.5 residents per completed single-family connection.

OFFICIAL STATEMENT

relating to

\$10,000,000

JOHNSON RANCH MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Comal County, Texas)
Unlimited Tax Utility System Bonds, Series 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Johnson Ranch Municipal Utility District (the “District”) of its \$10,000,000 Unlimited Tax Utility System Bonds, Series 2024 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to an election held within the boundaries of the District, pursuant to an order (the “Bond –Order”) adopted by the Board of Directors (the “Board”) of the District on the date of the sale of the Bonds, and an approving order of the Texas Commission on Environmental Quality (the “TCEQ”).

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

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 at Davidson Troilo Ream & Garza, PC, 601 NW Loop 410, Suite 100, San Antonio, Texas- 78216 or during the offering period from the District’s Financial Advisor, SAMCO Capital Markets, Inc., Attn: Christina M. Lane, 6805 Capital of Texas Highway, Suite 350, Austin, Texas 78731 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General Description

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance and sale of the Bonds. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will bear interest from the date of delivery and will mature on August 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on page 2 hereof. Interest on the Bonds will be paid on February 1 and August 1 of each year, commencing August 1, 2024 (each an “Interest Payment Date”), 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 the denomination 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/Registrar 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 (“Paying Agent/Registrar”).

Authority for Issuance

At a bond election held within the District on May 8, 2010 (the “Bond Election”), the voters of the District authorized the issuance of \$61,408,587 principal amount of unlimited tax bonds for the purpose or purposes of constructing or otherwise acquiring a water, wastewater and drainage systems for the District. See “Issuance of Additional Debt” below.

By adoption of an order dated November 13, 2023 (the “TCEQ Order”), the TCEQ authorized the District to sell the Bonds subject to certain restrictions, including restrictions on the use of Bond proceeds as summarized in “USE AND DISTRIBUTION OF BOND PROCEEDS”.

The Bonds are issued by the District pursuant to the Bond Election; the TCEQ Order; the terms and provisions of an order (the “Bond Order”) adopted by the Board of Directors of the District; Article XVI, Section 59 of the Constitution of the State of Texas; Chapters 49 and 54 of the Texas Water Code, as amended; and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

Redemption Provisions

Optional Redemption... The Bonds maturing on and after August 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2031, or on any date thereafter, 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. If less than all the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the Board. If less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot or such random method as Paying Agent/Registrar shall deem fair and appropriate (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Mandatory Sinking Fund Redemption... The Initial Purchaser may designate certain maturities of the Bonds as term bonds which would be subject to mandatory redemption.

Notice of Redemption; Effect of Redemption... Notice of any redemption identifying the Bonds to be redeemed in whole or in part will be given by the Paying Agent/Registrar at least 30 days prior to the date fixed for redemption by sending written notice by first class mail or overnight delivery to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices will state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the outstanding Bonds of a particular series are to be redeemed, the numbers of the Bonds of such series or the portions thereof to be redeemed. Neither the failure to give such notice nor defect therein will affect the sufficiency of the notice given to the Owner. By the date fixed for redemption, due provision must be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as provided in the Bond Order, the Bonds or portions thereof so redeemed will no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption will terminate on the date fixed for redemption.

Conditional Notice of Redemption ... Notwithstanding anything in the Bond Order to the contrary, the District may make any notice of redemption conditional on the occurrence of a condition precedent. In the event that the District chooses to provide a conditional notice of redemption, the District must include in the notice of redemption that the redemption is conditioned upon the occurrence of a condition precedent. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded will remain outstanding and the rescission of such redemption will not constitute an event of default. Further, in the case of a conditional redemption, the failure of the District to make money or authorized securities available in part or in whole on or before the redemption date will not constitute an event of default.

Termination of Book-Entry-Only System

The Bonds are subject to the book-entry-only system administered by DTC. See "BOOK-ENTRY-ONLY SYSTEM." In the event that the book-entry-only system is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment ...Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent/Registrar upon presentation and surrender of the Bonds to the Paying Agent/Registrar at the designated office for payment of the Paying Agent/Registrar in Dallas, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check, dated as of the applicable Interest Payment Date, sent by the Paying Agent/Registrar by United States mail to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent/Registrar requested by a registered owner at the risk and expense of such 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 State of Texas or the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding business day 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/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar 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 be, 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/Registrar. Transfer and exchange for Bonds will be without expense or service charged 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/Registrar to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent/Registrar 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/Registrar 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 15th 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 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/Registrar will provide a replacement Bond in exchange for the mutilated Bond. If a Bond is destroyed, lost or stolen, the Paying Agent/Registrar will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar 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/Registrar of indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar 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.

Source of Payment

The Bonds, the Outstanding Bonds (hereinafter defined), and any bonds subsequently issued by the District and payable from taxes, are secured by and payable from the proceeds of a continuing, direct annual ad valorem tax, each, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "TAXING PROCEDURES." The Bonds are obligations of the District and are not the obligations of the State of Texas; Comal County, Texas; the City of Bulverde, Texas; or any other political subdivision or any entity other than the District.

Perfected Security Interest

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the taxes granted by the District under the Bond Order, and such pledge is, therefore, valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are Outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the District under the Bond Order is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the District has agreed in the Bond Order to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Payment Record

This will be the District's third installment from an authorized issuance of \$61,408,587 for water, wastewater and drainage. The District has not defaulted on the payment of any obligation.

Funds

Interest and Sinking Fund...The Bond Order establishes the District's Utility System Interest and Sinking Fund (the "Interest and Sinking Fund"). The Interest and Sinking Fund will contain two accounts; the Payment Account and the Capitalized Interest Account. The net proceeds of all ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Payment Account. An amount equal to approximately 24 months' interest on the Bonds will be deposited from proceeds from sale of the Bonds into the Capitalized Interest Account. Any amounts remaining in the Capitalized Interest Account after the payment of interest on August 1, 2026 will be transferred to the Payment Account of the Interest and Sinking Fund. The Interest and Sinking Fund, which constitutes a trust fund for the benefit of the registered owners and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Interest and Sinking Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable from taxes.

Project Fund...The Bond Order establishes the District's Utility System Project Fund (the "Project Fund"). After the initial deposit to the Capitalized Interest Account, -proceeds of the sale of the bonds will be deposited into the Project Fund. Any monies remaining in the Project Fund after completion of construction of the facilities financed with the Bonds will be transferred to the Interest and Sinking Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds and the projects related thereto.

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District intends to issue additional bonds from its voted authorization necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT - General." The District's voters have authorized the issuance of \$61,408,587 of unlimited tax utility system bonds and could authorize additional amounts. The District has previously issued its Unlimited Tax Utility System Bonds, Series 2017 in the original aggregate principal amount of \$7,000,000 and Unlimited Tax Utility System Bonds, Series 2020 in the original aggregate principal amount of \$7,000,000 (together, the "Outstanding Bonds"). The Outstanding Bonds and any additional bonds sold would be on parity with the Bonds. Following the issuance of the Bonds, the District will have \$37,408,587 of unlimited tax bonds for utility purposes authorized but unissued. In addition, the District has \$10,172,314 in authorized but unissued bonds for the construction of certain roads, consisting of throughfares, arterial roads and collector roads in the area of the District, \$61,408,587 for the purposes of refunding water, sewer, and drainage, and \$10,172,314 for the purposes of refunding road bonds.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS - Future Debt."

The District is also authorized by statute to engage in fire fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue fire fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of such bonds by the Attorney General of Texas. The Board has not considered calling an election for purposes of authorization of a detailed master plan and issuance of bonds for fire fighting activities at this time.

Remedies in Event of Default

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. Based on recent Texas court decisions, it is unclear whether certain legislation effectively waives governmental immunity of governmental entities for suits for money damages. Even if a registered owner could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a registered owner could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies" and – "Bankruptcy Limitation to Registered Owners' Rights."

Legal Investment and Eligibility to Secure Public Funds in Texas

The Bonds are (a) authorized investments in the State of Texas for banks, savings and loan associations, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees and (b) legal investments for public funds of cities, villages, schools districts, and other political subdivisions or public agencies of the State of Texas. The Bonds are also eligible under the Public Collateral Act to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State are required to adopt investment guidelines under the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "PFIA"), and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments of such entity's funds or to be eligible to serve as collateral for their funds.

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, trustees 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.

Defeasance

Except to the extent provided in the Bond Order, any Bond, and the interest thereon, will be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") when payment of the principal, of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) has been made or caused to be made in accordance with the terms thereof or (ii) has been provided for on or before such due date by irrevocably depositing with or making available to a paying agent (a "Depositary"), with respect to the safekeeping, investment, administration, and disposition of a deposit made for such payment (the "Deposit") (A) lawful money of the United States of America sufficient to make such payment or (B) Government Obligations, which may be in book-entry form, that mature and bear interest payable at times and in amounts sufficient to provide for the scheduled payment and of any Defeased Bond. To cause a Bond scheduled to be paid on a date later than the next scheduled Interest Payment Date on such Bond to become a Defeased Bond, the District must, with respect to the Deposit, enter into an escrow or similar agreement with a Depositary.

The Bond Order provides that "Government Obligations" means any securities permitted by Section 1207.062, Texas Government Code (or any successor statute), including (i) direct noncallable obligations of the United States,

including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

In connection with any defeasance of the Bonds, the District will cause to be delivered: (i) in the event an escrow or similar agreement has been entered into with a Depository to effectuate such defeasance, a report of an independent financial consulting firm or independent accounting firm verifying the sufficiency of the escrow established to pay the Defeased Bonds in full on the maturity or, with respect to the Bonds, the redemption date thereof (the “Verification”); or (ii) in the event no escrow or similar agreement has been entered into, a certificate from an authorized representative of the District, Paying Agent/Registrar or other qualified financial consultant certifying that the amount deposited with a Depository is sufficient to pay the Defeased Bonds in full on the maturity date, or with respect to the Bonds, the redemption date thereof. In addition to the required Verification or certificate, the District will also cause to be delivered an opinion of nationally recognized bond counsel to the effect that the Defeased Bonds are no longer outstanding pursuant to the terms of the Bond Order and a certificate of discharge of the Paying Agent/Registrar with respect to the Defeased Bonds. The Bonds will remain outstanding under the Bond Order unless and until they are in fact paid and retired or the above criteria are met.

At such time as a Bond will be deemed to be a Defeased Bond under the Bond Order, and all required criteria have been met, such Bond and the interest thereon will no longer be outstanding or unpaid and will no longer be entitled to the benefits of the pledge of the security interest granted under the Bond Order, and such principal and interest will be payable solely from the Deposit of money or Government Obligations; provided, however, the District has reserved the option to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the Owners immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Amendment to Bond Order

The Bond Order contains provisions to the effect that the District may, without the consent of or notice to any registered owners of the Bonds amend, change or modify the Bond Order as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change which is not to the prejudice of the registered owners of the Bonds. Except for such amendments, changes or modifications, the District shall not amend, change or modify the Bond Order in any manner without the consent of the majority of the registered owners in aggregate principal amount of the outstanding Bonds, affected thereby; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds or reduce the principal amount thereof or the rate of interest thereon; (ii) give any preference to any Bond over any other Bond; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission.

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.

BOOK-ENTRY-ONLY SYSTEM

The Bonds will be available only in book-entry form. Consequently, purchasers of ownership interests in the Bonds will not receive certificates representing their respective interests in the Bonds. This section describes how ownership of the Bonds is to be transferred and how the payments of principal of and interest on the Bonds are to be paid to and accredited by Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Underwriters and the District believe

the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) 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 (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission (“SEC”), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“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.

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 Security (“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 Security 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal, interest payments, premium, if any, and redemption proceeds on the Bonds, will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest payments, premium, if any, and redemption proceeds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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 as set forth in the Bond Order. 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 the District takes no responsibility for the accuracy thereof.

EXTRATERRITORIAL JURISDICTION AND ANNEXATION

The District lies within the extraterritorial jurisdiction of the City of Bulverde, Texas (the "City" or "Bulverde"). Under Texas law, a city may annex a special district located within its extraterritorial jurisdiction pursuant to certain statutory provisions that allow for negotiations between the city and the special district as to the timing, terms and conditions of the annexation. When such special district is dissolved, the City succeeds to the powers, duties, assets and obligations of the District.

The City, the District, DH/JB Development Inc., a Texas Corporation (the "Original Developer"), DH/JB Development, Ltd, a Texas limited partnership, and Clyde Johnson and Sons Hereford Ranch, Ltd., a Texas family limited partnership (the "Johnson Family Partnership"), have entered into the Development Agreement dated July 22, 2008 ("Development Agreement"). At the time the Development Agreement was executed DH/JB Development, Ltd and the Johnson Family Partnership owned the land within the District. The Development Agreement provides that the Original Developer, District, and all future owner of the property, including end-buyers irrevocably and unconditionally consent to the full purpose annexation of the property into the corporate limits of the City in accordance with the Development Agreement and waive all objections and protests to such annexation and waive all rights to arbitration or mediation regarding the annexation. The Development Agreement serves as the petition of the Original Developer and all future owners of the property to full purpose annexation of the property in accordance with the Development Agreement.

The District and the City have entered into a Strategic Partnership Agreement dated December 8, 2009 ("S.P.A") which, among other provisions provides for an agreement between that the District and the City whereby the City will not annex any part of the District until the latter of (i) 15 years from the effective date of the S.P.A. or (ii) the date following the completion of water, wastewater, roadway and drainage facilities required to serve at least 90% of the undeveloped acreage within the Johnson Ranch development and after the Developers (as defined herein) has been reimbursed by the District for all of the water, wastewater, drainage, water quality, road and other TCEQ qualified reimbursable facilities or costs serving the District. The S.P.A. expires December 8, 2024 unless extended by mutual

agreement between the District and the City. The S.P.A. shall terminate on the day immediately following (i) the expiration of the primary term or any extended terms or (ii) the date the City annexes the District for full purpose in accordance with such agreement. (See “DEVELOPERS” and “THE DISTRICT – Historical and Current Development”).

The S.P.A. permits the City to limited purpose annex -approximately 86 acres within the District for the sole purpose of allowing the City to collect a 1% retail sales tax on retail businesses that are or will be located in the District and to then pay the District 65% of the Sales and Use Tax revenues that are received by the City from the limited purpose annexation tract. The City was not granted any other development rights such as zoning or building restrictions in connection with the Limited Purpose Annexation. At the present time, the City has not exercised its option to limited purpose annex any portion of the 86 acres.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to (i) purchase certain water, wastewater, drainage facilities and related facilities, (ii) District operating costs and (iii) associated engineering and legal fees. In addition, proceeds of the Bonds will be used to capitalize approximately two years of interest on the Bonds and to pay certain costs associated with the issuance of the Bonds.

The presently estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$6,096,482 is estimated to be required for construction costs, and \$3,903,518 is estimated to be required for non-construction costs.

CONSTRUCTION COSTS:

A. Developer Contribution Items	<u>Amount</u>
1. Johnson Ranch South Section 2 Public Paving Unit 3 Phase 2, Units 4, 5, 6	\$2,390,057
2. Johnson Ranch Emergency Medical Service	127,242
3. Johnson Ranch South Water Booster Pump Station	564,601
4. Johnson Ranch North Water Intake Facility	635,854
5. Johnson Ranch North Master Tract Phase 2 Units 5, 6, 7 and 10	1,694,000
6. Johnson Ranch North Master Tract Phase 3	74,398
7. Engineering	<u>610,330</u>

TOTAL CONSTRUCTION COSTS **\$6,096,482**

NON-CONSTRUCTION COSTS:

	<u>Amount</u>
A. Legal Fees (2%)	\$ 200,000
B. Fiscal Agent Fees (2%)	200,000
C. Interest Cost	
1. Capitalized Interest (24 months at 6.00%)	1,200,000*
2. Developer Interest	1,193,000*
D. Bond Discount (3%)	300,000
E. Bond Issuance Expenses	61,604
F. Bond Application Report Costs	200,000
G. Developer Advances	500,000*
H. Contingency	14,414*
I. Attorney General's Fee (0.10% to a max of \$9,500)	9,500
J. TCEQ Bond Issuance Fee (0.25%)	25,000

* Preliminary, subject to change.

TOTAL NON-CONSTRUCTION COSTS **\$3,903,518**

TOTAL BOND ISSUE REQUIREMENT **\$10,000,000**

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INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas; Comal County, Texas; the City; 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 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 the registered owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Registered Owners' Remedies" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Interest Rates...A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values.

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. 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, although located approximately 23 miles from the central downtown business district of the City of San Antonio, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio metropolitan and regional economics.

Competition...The demand for and construction of single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to San Antonio that may be for sale. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Developer Under No Obligation to the District...The Developer has informed the Board of its current plan to continue to develop land in the District for single family home, multi family home, and mixed-use retail and commercial purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of its 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 Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District cannot predict what the future financial condition of the developers will be or what effect, if any, such conditions may have on its ability to pay taxes. See "THE DEVELOPERS."

Impact on District Tax Rates...Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of

property owners within the District to pay their taxes. The 2023 assessed valuation of the District is \$358,903,298 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement is estimated to be \$2,003,031 (2033) and the Projected Average Annual Debt Service Requirement is estimated to be \$1,392,336.75 (2025 through 2045, inclusive). Based on the 2023 assessed valuation and no use of funds on hand, a tax rate of \$0.59 per \$100 assessed valuation, at a 95% collection rate would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$2,003,031 and a tax rate of \$0.41 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$1,392,336.75. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Adequacy for Debt Service."

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under State law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of enforcement of liens for post-petition taxes against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies

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.

On June 30, 2006, the Texas Supreme Court (the "Court") ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued" or "plead and be impleaded", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act applies to districts and relates to contracts entered into by districts for goods or services. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. 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 dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, 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 determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owner's claim.

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

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") and the Resolution Trust Corporation ("RTC") when the FDIC/RTC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC/RTC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC/RTC shall be subject to foreclosure or sale without the consent of the FDIC/RTC and no involuntary liens shall attach to such property, (ii) the FDIC or RTC 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/RTC 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/RTC, 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/RTC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC/RTC 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/RTC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC/RTC 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.

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 - Tax Exemption."

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$37,408,587 authorized but unissued utility bonds and \$10,172,314 in road bonds (see "FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued"), and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District has also reserved the right to issue refunding bonds to refund the Bonds and Outstanding Bonds as described in the Bond Order. If the District does issue future bonds or other debt obligations, such issuance could increase gross debt/property valuation ratios and might adversely affect the investment security of the Bonds.

Utility System Debt... A portion of the proceeds of the Bonds will reimburse the Developer for advanced funds for utilities not yet reimbursed, but after such reimbursement, there may be approximately \$13,000,000 in advanced funds or costs for DHJB, and \$2,000,000 in advanced funds or costs for Lennar, which may need to be reimbursed by the District in the future. All the remaining \$37,408,587 utility bonds, which have heretofore been authorized by the voters of the District may be issued by the District, with the approval of the TCEQ, from time to time to further reimburse the Developers or -as improvement needs arise. In addition, future changes in health, environmental, or other governmental 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."

Roadway System Debt... The District's reimbursement for the costs of roads is limited to throughfares, arterial roads and collector roads in the area of the District. The DHJB has advanced approximately \$5,375,000, and Lennar has advanced approximately \$2,125,000 for eligible roads, which has not been reimbursed. Pursuant to the DHJB UCA (as defined herein) and the Lennar UCA (as defined herein) no road bonds will be issued until the District has reimbursed the Developers for all costs for water, wastewater, drain and stormwater improvements that are eligible for reimbursement from the District. The District may issue road bonds to reimburse such costs, with the approval of the Texas Attorney General. The total of bonds of the District issued for road purpose may not exceed one-fourth of the assessed valuation of the real property in the District. See "THE BONDS – Issuance of Additional Debt."

Approval of the Bonds

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". 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.

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent Owners of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In

addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Environmental Regulation

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

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

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

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

MUNICIPAL BOND INSURANCE AND RATING

Moody's Investor Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's. The foregoing rating expresses only the view of Moody's at the time the rating is given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District has submitted applications with certain municipal bond insurance companies to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost will be paid by the Initial Purchaser. Any fees associated with the Moody's rating will be paid for by the District; however, the fees associated with any other rating will be paid by the Initial Purchaser. The final Official Statement shall disclose information provided by the insurer relating to any such financial guaranty insurance policy.

BOND INSURANCE RISK FACTORS

Bond Insurance Risk Factors

If municipal bond insurance is purchased for the Bonds, in the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim against the insurer (the "Insurer") of the municipal bond guaranty insurance policy (the "Policy") for such payments. 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 the Insurer at such time and in such amounts as would have been due absence such prepayment by the District (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Remedies in Event of Default"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the District. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price or the marketability (liquidity) of the Bonds.

If a Policy is acquired, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance can be given that the long-term ratings of the Insurer and of the ratings on the Bonds, whether or not subject to a Policy, will not be subject to downgrade and such event could adversely affect the market price or the marketability (liquidity) for the Bonds.

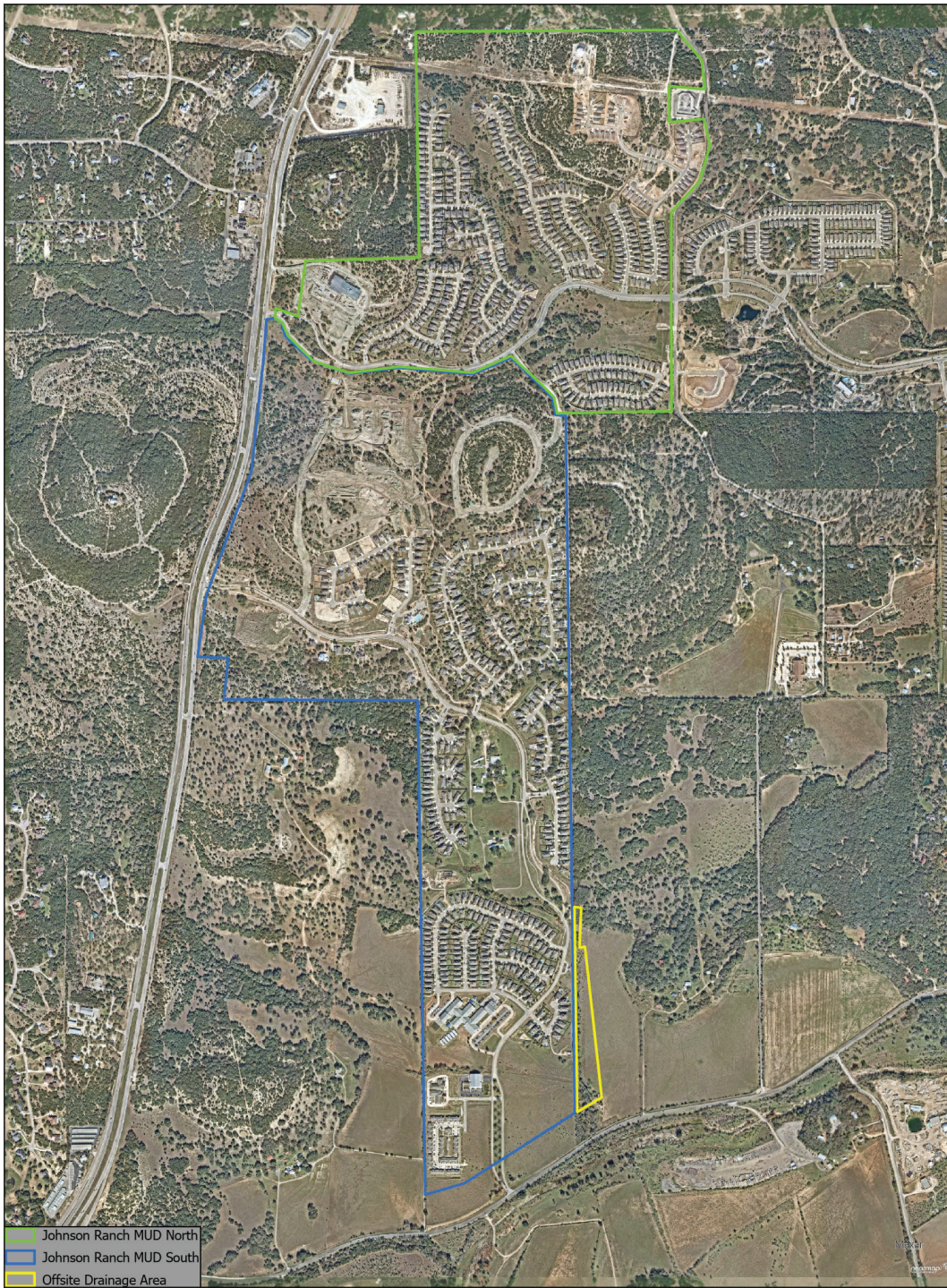
The obligations of the Insurer under the Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the District, the Financial Advisor or the Initial Purchaser has made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

Claims-Paying Ability And Financial Strength Of Municipal Bond Insurers

Moody's Investors Service, Inc., S&P Global Ratings, a division of S&P Global Inc. and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

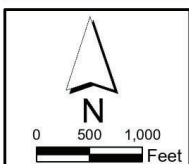
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DISTRICT MAP



— Johnson Ranch MUD North
— Johnson Ranch MUD South
— Offsite Drainage Area

JOHNSON RANCH MUD BOUNDARY



PROJECT NAME:	JOHNSON RANCH MUD
PROJECT NUMBER:	XXXXX
PREPARED FOR:	JOHNSON RANCH MUD
DATE:	2/28/2024 10:51 AM

	BLEYL ENGINEERING PLANNING • DESIGN • MANAGEMENT TEXAS FIRM REGISTRATION NO. F-678
	100 NUGENT STREET CONROE, TEXAS 77301 PHONE 936-441-7833 WWW.BLEYLENGINEERING.COM

THE DISTRICT

General

The District is a political subdivision of the State of Texas, as authorized by Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The District, originally known as the “Comal County Water Control and Improvement District No. 1,” was created by an order of the Comal County Commissioners Court approved on February 1, 2007 and executed on February 20, 2007 as a “water control and improvement district,” pursuant to Article XVI, Section 59 of the Texas Constitution, operating under Chapters 49 and 51, Texas Water Code, as amended. On September 29, 2009, the TCEQ entered an order converting the District to a municipal utility district operating under Chapters 49 and 54, Texas Water Code, as amended, and possessing road powers pursuant to Article III, Section 52 of the Texas Constitution, and changing the District’s name to “Johnson Ranch Municipal Utility District.” The creation of the District was confirmed at an election held within the District on May 8, 2010. On November 28, 2016, the 345th District Court in Travis County issued a final declaratory judgment (the “District Court Order”) in a bond validation lawsuit (the “Bond Validation Suit”) pursuant to Chapter 1205, Texas Government Code, in which the court decreed that (i) the District was validly and legally created and organized pursuant to Chapters 49 and 51 of the Texas Water Code, (ii) the District was validly and legally converted into a municipal utility district, (iii) the District’s name was properly changed to Johnson Ranch Municipal Utility District, and (iv) the District’s confirmation and director election and bond and operations and maintenance tax election held on May 8, 2010 was validly conducted in accordance with the provisions of the Texas Water code and the Texas Election Code. Certain owners of property adjacent to the District intervened in the Bond Validation Suit and appealed the District Court Order, which appeal of the District Court Order was dismissed on March 16, 2017.

The District contained 748.17 acres at the time of creation. There have been no annexations or exclusions of land since creation of the District. The current District acreage remains at 748.17 acres. In 2021, the District acquired an approximately 7-acre tract adjacent to the District that the District originally planned to condemn. The District purchased the land with surplus bond proceeds from a prior utility bond issuance and the purchase was approved by the TCEQ. This land remains outside the boundaries of the District and is utilized by the District for drainage purposes.

The District is authorized, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water, the collection, transportation, and treatment of wastewater, the construction and maintenance of roadways, and the control and diversion of storm water to the approximately 748.17 acres within its boundaries, all of which lies within Comal County, Texas. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is contractually obligated to convey the water and wastewater facilities which it acquires from the Developer to the Guadalupe Blanco River Authority (the “GBRA”). The GBRA currently operates and maintains the water and wastewater facilities located within the District’s boundaries. The District may also provide solid waste collection and disposal service and is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. The District has no present plans to provide a fire department. Fire protection and emergency services is provided to the District by the Comal County Emergency Services District #5 and Comal County Emergency Services District #1.

Location

The District is located in southwest Comal County, approximately 1 mile south of the intersection of U.S. Hwy. 281 and Texas State Hwy. 46 fronting approximately nine-tenths of a mile along the east side of U.S. Highway 281. The property within the District also fronts approximately one-third of a mile along the north side of FM 1863 beginning at a point approximately three-fourths of a mile east of U.S. Hwy. 281. The District lies approximately 23 miles northeast of the City of San Antonio’s central business district and 2 miles southeast of the City of Bulverde’s central business district. The District lies totally within the extraterritorial jurisdiction of the City of Bulverde, Texas and wholly within the boundaries of the Comal Independent School District.

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Management of the District

Board of Directors

The District is governed by a board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>	<u>Term Expires May</u>
Sheryl Short	President	7 years	2024
Duane Wilson	Vice President	5 years	2026
Peggy Braaten	Secretary	4 years	2026
Arthur Seago	Treasurer	4 years	2024
Dennis James	Asst Secretary/Treasurer	2 years	2026

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Comal Appraisal District. The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Comal Appraisal District Tax Assessor/Collector, Cathy C. Talcott, currently serves the District in this capacity under contract.

Operator/Bookkeeper

The District contracts with Municipal Accounts and Consulting LP to operate as Operator and Bookkeeper for the District.

Engineer

The District's consulting engineer is Bleyl Engineering (the "Engineer").

Auditor

The District's audited financial statements for the year ended August 31, 2023, were prepared by Maxwell Locke & Ritter LLP. See "APPENDIX A" for a copy of the District's year end August 31, 2023, audited financial statements.

Financial Advisor

SAMCO Capital Markets, 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 the 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 Orrick, Herrington & Sutcliffe LLP ("Orrick") Austin, Texas as Bond Counsel and Disclosure Counsel in connection with the issuance of the 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 Davidson Troilo Ream & Garza, PC, San Antonio, Texas as the District's general counsel.

Historical and Current Status of Development

There is currently one active developer operating within the District: DHJB Development, LLC, a Texas limited liability corporation company (“DHJB”). DHJB is developing Johnson Ranch South (as defined herein). DHJB is an affiliate of and successor in interest to the Original Developer and a party to the DHJB UCA. Lennar Homes of Texas Land and Construction, Ltd. a Texas limited partnership (“Lennar”) has completed the development of Johnson Ranch North (as defined herein). Lennar is also a successor in interest to the Original Developer and a party to the Lennar UCA. Approximately 42 acres of undeveloped land within the District is owned by the Johnson Family Partnership and together with DHJB and Lennar referred to individually as “Developer” or “Developers” herein). See “DEVELOPERS”

In the Summer of 2008, DHJB began developing initial roadway and utility infrastructure for the planned Comal Independent School District elementary school (later named Johnson Ranch Elementary School), which is located in the District. At the time, no homes were constructed within the District. In 2013, DHJB began the development of the initial phase of single-family residential lots in Johnson Ranch South and near the new elementary school and then over the course of the past 10 years, DHJB and Lennar have collectively developed 864 single-family residential lots, upon which 788 homes have been completed and another 23 homes are under construction. Currently, DHJB is under construction on the streets and utilities for Units 7, 8 and 9 which comprise 141 single-family residential lots, consisting of lots ranging from 55’ wide by 125’ deep up to lots as large as 1+ acres. These lots under construction are projected to be completed in 2Q24 and all 107 lots that have been offered are contracted for purchase by Whitestone Custom Homes and Perry Homes (the balance of lots will be custom homes offered for sale in 2024).

In 2013, Lennar acquired the northern (undeveloped) 281 acres of the Johnson Ranch North from an affiliate of the Original Developer for the purpose of developing streets, drainage, utility and other infrastructure to serve 455 planned single-family residential homes. Lennar dedicated approximately 80 acres to Johnson Ranch Master Community in July 2023 as open space not to be developed. That completed Lennar development in the North District but home sales continue as well as construction of the High School.

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SUMMARY OF DEVELOPMENT WITH UTILITY FACILITIES

<i>Johnson Ranch NORTH</i>	Acres	Lots	Completed	Under Construction	Vacant Lots
Unit 1	8.31	32	32	0	0
Unit 2	9.19	34	34	0	0
Unit 3	18.14	48	48	0	0
Unit 4	11.02	39	39	0	0
Unit 5	10.80	41	41	0	0
Unit 6	12.20	46	46	0	0
Unit 7	11.40	38	38	0	0
Unit 8	19.01	49	49	0	0
Unit 9	31.36	64	39	11	14
Unit 10	17.80	65	65	0	0
NORTH Total:	149.23	456	431	11	14
<i>Johnson Ranch SOUTH</i>	Acres	Lots	Completed	Under Construction	Vacant Lots
Phase 1	9.55	12	12	0	0
Phase 1 - Unit 1	16.87	61	61	0	0
Phase 2 - Unit 1	21.83	64	64	0	0
Unit 2	23.49	49	49	0	0
Phase 1 - Unit 3	20.64	44	34	3	7
Phase 2 - Unit 3	40.20	64	51	3	10
Unit 4	20.50	51	51	0	0
Unit 5	21.11	12	3	3	6
Unit 6	24.90	51	32	3	16
Unit 7	28.95	53	0	0	53
Unit 8	24.20	54	0	0	54
Unit 9	50.65	34	0	0	34
Amenity Center	5.48	1	1	0	0
SOUTH Total:	308.37	550	358	12	180
RESIDENTIAL TOTAL:	457.6	1006	789	23	194
Other Development with Utility Facilities:					
Elementary School	16.05	1	1	0	0
EVS Station	2.50	1	1	0	0
Senior Care (MU2)	3.19	1	1	0	0
Senior Living (MU3)	6.95	1	1	0	0
Mixed Use 281 S	16.70	1	0	0	1
Multi-Family (281)	22.48	1	0	1	0
High School 281	17.40	1	0	1	0
JR Homestead (K-H Survey)	25.14	1	0	0	1
OTHER TOTAL:	110.41	8	4	2	2
Total Acres with Util. Fac.:	568.01				
OTHER LAND:	180.16				
Wastewater; Drainage; Parks; Open Space; Roads Lift Stations; Detention; Flood Plain; etc.					
TOTAL ACRES:	748.170				

Future Development

Johnson Ranch North has been completely developed and only the High School on the west side remains under construction. The Developers calculate that the District contains approximately 41 acres in Johnson Ranch South remaining undeveloped. The Development Agreement provides certain limitations on development, including single-family lot density restrictions, and may limit the development of these 41 acres. If allowed under the Development Agreement, the Developers' plans for future development of these 41 acres include residential multi-family development, along with a mix of various mixed use development ranging from office, to retail, hospitality, restaurants and other uses. Some of the remaining land in the District is owned by DHJB and some is owned by other landowners, including DH/JP Partnership, Ltd. and Johnson Family Partnership; however, none of these other land-owners is under any obligation to continue to market or develop the property and anticipates selling the property in bulk to a third party development entity such as the Developers.

The representation above to land that may be subject to future development, and all other representations as to future development of all or part of the currently undeveloped tracts of land, is the Developer's representation and not the District's representation or concurrence in any respect. All references to land that may be available for future development is subject to the District's caveat and disclosure that any future development may be prohibited by the City and/or the District in order to enforce the density limitation agreed to by the Developers in the Development Agreement and binding upon their assigns. The City and the District have each notified the Developers that substantially all of the acreage within the currently undeveloped tracts of land within the District is required to satisfy the density limitation for the single family lots that are currently platted. The Developers dispute the interpretation and this application of the density limitation of the Development Agreement and whether the City and/or the District can use the density limitation in the Development Agreement to prevent, restrict, or control the future development of all, or any part, of the currently undeveloped tracts. Litigation may occur to resolve this dispute regarding the meaning of the Development Agreement and the application of the density limitation to these currently undeveloped tracts of land. The Developers' estimate of the acreage available for future development is provided in the event that the dispute is resolved in the Developers' favor.

Annexation of the District

The District is located entirely within the extraterritorial jurisdiction of the City. Under state law and the Development Agreement, the District may be annexed by the City without the District's consent at any time; however, the S.P.A. between the City and the District imposes certain limitations and restrictions against annexation by the City until December 8, 2024, unless extended the term of the S.P.A., as further detailed in the "EXTRATERRITORIAL JURISDICTION AND ANNEXATION" section.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of the district(s) with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

Alteration of Boundaries

In certain circumstances, under Texas law the District may alter its boundaries to: (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would affect any additional changes in its boundaries.

DEVELOPERS

Role of the Developers

In general, the activities of a developer in a municipal utility district, such as the District, include, among other activities, purchasing land within the future district, petitioning for creation of the district, designing the development, defining a marketing program, planning and scheduling 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 in the utility district) 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 and, in some cases, up to 30% of the costs of construction of the water supply and distribution, wastewater collection, roads 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 a specific bond issue, if any, a developer is under no obligation to a district to undertake development activities with respect to other property it owns within the district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of 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.

The Developers

Of the approximately 748.17 acres included in the District approximately 467 acres (the "Johnson Ranch South") were initially owned and developed by DHJB and the Johnson Family Partnership and approximately 281 acres (the "Johnson Ranch North") were initially owned and developed by Lennar.

DHJB purchased land from the Johnson Family Partnership in various parcels as development progressed. DHJB, an affiliate and successor in interest of the Original Developer, has developed Johnson Ranch South Phase 1, Phase 1 – Unit 1 and Unit 3, Phase 2 - Unit 1, Unit 2, Unit 3, Unit 4, Unit 5 and Unit 6. DHJB has \$14,000,000 in development financing, from Frost Bank, for Units 7, 8, and 9 which are currently under development. This development loan matures on May 23, 2028, and has an outstanding balance of \$7,361,604. The development loan is secured by a first lien deed of trust on the land within Units 7, 8 and 9 and an assignment of DHJB's reimbursement rights under the DHJB UCA. DHJB has \$13,000,000 remaining for reimbursement for utilities, and \$5,375,000 in roads eligible for reimbursement.

Lennar purchased the land within Johnson Ranch North from an affiliate of the Original Developer on or about December 31, 2012. Lennar financed the acquisition and development of such land with corporate financing and does not have any loans or liens with respect to such property. Lennar is both the developer and homebuilder in Johnson Ranch North. Of the 281 acres that makes up the Johnson Ranch North, including Units 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, which has been 100% developed. Lennar currently has 24 unclosed homesites. 10 have homesites under production and 15 have not started yet and are vacant. Lennar pricing ranges from \$362,000 to \$481,000. Lennar has \$2,000,000 remaining for reimbursement for utilities, and \$2,125,000 in roads eligible for reimbursement.

Approximately 42 acres of undeveloped land within Johnson Ranch South (the "Johnson Tracts") is owned by the Johnson Family Partnership. Approximately 17 acres of the Johnson Tracts are located in the flood plain and are expected to be acquired by DHB for use as open space and parkland. The Johnson Family Partnership is a party to the Development Agreement and development of the Johnson Tracts is subject to the requirements of the Development Agreement. The Johnson Tracts are currently not under development.

Agricultural Waiver

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty (30) years.

Utility Construction Agreements

The District is a party to that certain Amended and Ratified Street and Utility Construction Agreement between the District and DHJB, successor in interest to Original Developer, dated February 27, 2012, as amended (the "DHJB UCA"). The DHJB UCA outlines the conditions under which the District will issue bonds to reimburse DHJB for qualified water, wastewater, roads, and drainage facilities within and outside the District. Under the terms of the agreement, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District's obligation to issue bonds and reimburse DHJB for funds advanced for such facilities is subject to various conditions including the approval of such facilities and bonds by the TCEQ and the Texas Attorney General, and the recommendation of the District's financial advisor that the sale of the bonds is feasible and prudent.

The District is also a party to that certain Street and Utility Construction Agreement between the District and Lennar, successor in interest to the Original Developer, dated March 6, 2013, as amended (the “Lennar UCA”). The Lennar UCA outlines the conditions under which the District will issue bonds to reimburse and Lennar for qualified water, wastewater, roads and drainage facilities within and outside the District. Under the terms of the agreement, the District has agreed to repay the cost of facilities through a series of bond sales over time. The District’s obligation to issue bonds and reimburse Lennar for funds advanced for such facilities is subject to various conditions including the approval of such facilities and bonds by the TCEQ and the Texas Attorney General, and the recommendation of the District’s financial advisor that the sale of the bonds is feasible and prudent.

The District is also a party to that certain Section 54.2351 Facilities Acquisition & Reimbursement Agreement by and between DH Investment Company, DHJB, the GBRA and the District, dated April 13, 2016 and the Section 54.2351 Facilities Acquisition & Reimbursement Agreement by and between Lennar, GBRA and the District (collectively, the Section 54.2351 Agreement”). The stated purposes of the Section 54.2351 Agreement are to (i) facilitate regionalization of water and wastewater services on a retail basis and avoid the duplication and/or multiplication of such services and requisite infrastructure, (ii) facilitate the implementation of the terms and intent of the agreements among and between the parties, (iii) achieve the objectives recited herein, and (iv) facilitate the benefits anticipated to be received by the respective parties as a result of this Section 54.2351 Agreement. During the term of the Section 54.2351 Agreement, GBRA shall lease the Water System and the Wastewater System from the District for a rental cost of (i) ten dollars (\$10.00) per annum for both systems, plus (ii) GBRA 's agreement to operate and maintain the Water System and the Wastewater System, consistent with the level of maintenance, and at operational standards, comparable to other GBRA owned and operated systems and in compliance with all applicable regulatory requirements for the provision of retail water and/or wastewater services within the MUD and the DH Investment Service Area. Within five years of the date that the District has fully reimbursed the Developers for all allowable costs and expenses for the Water System and Wastewater System, or portions thereof, pursuant to the terms of the DHJB UCA and the Lennar UCA, the District is contractually required to convey the operational portions of the Water System and Wastewater System to the GBRA. The District does not own the Water System or the Wastewater System until the Developer conveys the facilities to the District. Historically, the Developer conveys the facilities to the District upon the District reimburses the Developer for the cost of installing the facilities with the proceeds from the sale of the District’s bonds.

THE SYSTEMS

General

The, purchase, acquisition and construction of water, wastewater, and drainage facilities to be financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies which have jurisdiction over the District.

Construction and operation of the District’s waterworks, wastewater, and drainage facilities as it exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of federal and state authorities including but not limited to, the Environmental Protection Agency and the TCEQ.

According to the Engineer, the District's roads and improvements in aid thereof have been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such improvements, including primarily the City of Bulverde and Comal County. The construction of the Road System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity.

Water, Wastewater and Drainage System

Water Supply Source...Residents of the District receives retail water service from the Guadalupe-Blanco River Authority (“GBRA”) pursuant to the “Agreement Between DH Investment Company and Guadalupe-Blanco River Authority” dated March 28, 2003, the “First Amendment to Agreement Between DH Investment Company, DHJB Development, LLC and Guadalupe-Blanco River Authority” dated November 6, 2012, and the “Section 54.2351 Facilities Acquisition and Reimbursement Agreement Between DH Investment Company, DHJB Development, LLC, Guadalupe-Blanco River Authority and Johnson Ranch Municipal Utility District” dated April 13, 2016.

Water Supply Facilities Inventory...The GRBA’s Western Canyon Regional Treated Water Supply Project includes facilities for diversion of raw water from Canyon Reservoir and conveyance of raw water to a 10 million gallons per day (MGD) water treatment plant, and facilities to convey treated potable water from the water treatment plant to service areas in portions of Comal, Kendall, and Bexar Counties, including the District in the DH Investment Service Area. Two points of delivery for the District include a 250,000-gallon storage tank constructed by the DHJB in the southern part of the District at the east boundary and a 304,800-gallon storage tank constructed by Lennar, in the northern part of the District. The Developers have also constructed water distribution lines from the storage tanks to the residential subdivisions and to serve future phases of the District.

The District’s contractual water supply from GBRA is for an ultimate commitment of 900 acre-feet per year.

By two separate partial assignments, DHJB Development, LLC assigned to the District, the rights and obligations relating to a total of 300 acre-feet of water to supply the areas within the District served by the water distribution facilities purchased by the District with the proceeds of the District’s first and second bond issue.

DHJB is required to submit an annual commitment to GBRA for the quantity of water required for the following year. This commitment is the reimbursement method for GBRA reservation fees. Capacity is taken from the “Reservation” account of 900 ac-ft and moved to the commitment account, each of which is paid for at a different rate per the agreement. DHJB has indicated the commitment amount for 2024 is 500 ac-ft.

Wastewater Treatment...DHJB substantially completed the construction of the 350,000 gal/day wastewater treatment facility in March 2022, although issues remain relating to final completion. The Developers intended for the facility to provide enough treatment capacity (based on actual flows per ESFC in the District) for full build out of the District area based upon then-current plans. The permit and plant remains in the Developer’s name on property owned by DHJB and GBRA operates the plant.

DHJB initially installed two 37,500 gpd leased wastewater treatment plants for the District (75,000 gpd total). The two leased wastewater plants were taken offline and removed from the site after the new plant was certified for operation.

Drainage System...The storm drainage system that serves the District consists of curb and gutter streets and open channel storm sewers that outfall into water quality treatment and detention ponds. The District currently operates one water quality pond and two storm water detention ponds.

100-year Flood Plain...According to U.S.G.S. topographic maps and Federal Insurance Administration maps, the District is relatively rolling terrain with elevations ranging from 1060 to 1200 feet above mean sea level. The land within the District slopes generally from 0% to 40%. Approximately 7.44 acres of the District lie within the FEMA 100-year flood plain. This acreage has been planned as open space and will not be used for development.

Roadway System

All of the existing roads and improvements in aid thereof (“Road System”) that currently lie within the District’s boundaries have been financed to date with funds advanced by certain developers. The majority of the roads necessary to serve the District have been constructed, with the remainder currently under construction. The Road System consists of thoroughfare, arterial or collector roads as classified in the Comal County development regulations. The District will not issue road bonds until the developer has been reimbursed for all costs for water, wastewater, drainage and stormwater improvements that are eligible for reimbursement.

Roads within the District are constructed of asphalt on lime-stabilized subgrade. Roads vary in width, but are sized to accommodate the anticipated traffic demands of full build-out of the developments. Main thoroughfare roadways vary in width from 25 feet to 45 feet and include 2 and 3 lanes in a 50 to 70-foot right of way. Residential streets provide interior service within the sections and are usually 31 feet wide in a 50-foot right of way. Public utilities (water, wastewater, drainage) are typically located within the road right of ways. The two main thoroughfare roads, Johnson Way and Mustang Vista, are open ditch with ribbon curbs. All local residential streets within each neighborhood is standard 6” curb and gutter.

DEBT AND FINANCIAL INFORMATION

Future Debt

After the issuance of the Bonds, \$37,408,587 Unlimited Tax Utility System Bonds will remain authorized but unissued. To date, following issuance of the Bonds, there may be an estimated \$13,000,000 owed to DHJB, and \$2,000,000 to Lennar on current utility system development. In the opinion of the District's Engineer, the \$37,408,587 authorized but unissued bonds should be sufficient to fully reimburse and provide utility service to the remaining undeveloped but undeveloped acreage.

The District has \$10,172,314 in authorized but unissued bonds for roads. The District's reimbursement for the costs of roads is limited to throughfares, arterial roads and collector roads in the area of the District. DHJB has advanced \$5,375,000 and Lennar has advanced \$2,125,000 for such roads, which has not been reimbursed. Pursuant to the DHJB UCA no road bonds will be issued until the District has reimbursed the Developers for all costs for water, wastewater, drain and stormwater improvements that are eligible for reimbursement from the District.

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**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE
TOTAL GOVERNMENTAL FUNDS**

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Outstanding Bonds or the Bonds but are available for any lawful purpose, including payment of debt service on the Outstanding Bonds and the Bonds, at the discretion and upon action of the Board. As GBRA operates the water or wastewater system serving the land within the District, it is not anticipated that any significant operating revenues will be available for the payment of debt service on the Outstanding Bonds or the Bonds. The following summary of the District's governmental and proprietary funds shows net revenues in the District's total governmental funds as a result of the levy and collection of a debt service and maintenance tax. In accordance with the TCEQ recommended procedures, such figures do not include governmental fund depreciation expense. See "APPENDIX A – Audited Financial Statement".

	Fiscal Year End				
	<u>02/08/2024 (a)</u>	<u>08/31/23 (b)</u>	<u>08/31/22(b)</u>	<u>08/31/21 (b)</u>	<u>08/31/20 (b)</u>
<u>REVENUES</u>					
Property Taxes including					
Penalties and Interest	1,959,009	2,349,034	1,884,620	\$1,651,900	\$1,502,593
Drainage Fees	0	0	70,000	0	0
Interest	36,791	128,791	13,168	6,613	21,594
Other	<u>1,628</u>	<u>912</u>	<u>1,154</u>	<u>4,468</u>	<u>25,265</u>
TOTAL REVENUES	<u>\$1,997,427</u>	<u>\$2,478,737</u>	<u>\$1,968,942</u>	<u>\$1,662,981</u>	<u>\$1,549,452</u>
<u>EXPENDITURES</u>					
Service Operations:					
Legal Fees	\$ 34,660	\$ 140,626	\$ 96,040	\$93,700	\$169,275
Water Reservation Fees	75,331	170,321	120,314	113,748	129,238
Engineering Fees	12,738	73,588	54,864	45,989	62,296
Wastewater Treatment					
Plant Leases	0(c)	0(c)	29,000(c)	161,150	150,700
Repairs & Maintenance	6,730	22,568	9,193	9,193	11,993
Inspection Fees	0	0	0	0	0
Tax Appraisal & Collection Fees	7,685	23,848	19,396	16,509	14,911
Utilities	16,548	43,053	38,843	37,488	34,356
Bookkeeping Fees	26,461	50,382	40,193	43,286	38,823
Insurance	17,686	17,792	17,383	16,224	12,217
Directors Fees & Payroll Taxes	5,329	8,397	10,334	9,204	9,527
Audit Fees	14,500	14,000	13,500	19,500	22,500
Financial Advisor Fees	2,500	2,500	2,500	2,500	2,500
Other	11,028	14,431	11,986	10,212	13,988
Debt Service:					
Principal	0	815,000	790,000	640,000	660,000
Interest	144,248	310,612	332,140	349,966	222,185
Other	0	300	300	300	422,334
Capital Outlay	<u>0</u>	<u>0</u>	<u>176,966</u>	<u>772,281</u>	<u>5,892,863(d)</u>
TOTAL EXPENDITURES	<u>\$375,444</u>	<u>\$1,707,418</u>	<u>\$1,762,952</u>	<u>\$2,341,250</u>	<u>\$7,869,706</u>
EXCESS (DEFICIT) OF REV & OTHER SOURCES OVER (UNDER) EXPEND.	\$1,621,984	\$771,319	\$205,990	\$(678,269)	\$(6,320,254)(d)
OTHER FINANCING SOURCES / (USES)	0	0	0	0	\$7,000,000
FUND BALANCE (DEFICIT):					
Beginning of Year	<u>\$2,735,904</u>	<u>\$1,964,585</u>	<u>\$1,758,595</u>	<u>\$2,436,864</u>	<u>\$1,757,118</u>
End of Year	<u>\$4,357,888</u>	<u>\$2,735,904</u>	<u>\$1,964,585</u>	<u>\$1,758,595</u>	<u>\$2,436,864</u>

(a) Unaudited. As of February 8, 2024.

(b) Audited.

(c) Permanent wastewater treatment plant became operational.

(d) Funded from Bond proceeds.

FINANCIAL STATEMENT
(Unaudited as of December 21, 2023)

Assessed Value

2023 Assessed Valuation (100% of estimated market value) as of January 11, 2024	\$358,903,298 (a)
Gross Debt Outstanding.....	\$20,720,000 (b)
Debt Service Fund Balance (As of February 13, 2024).....	\$1,714,368 (c)
Ratio of Gross Debt to 2023 Assessed Valuation as of January 11, 2024	5.77%

Estimated as of December 2023 Population: 2,758 (d)

- (a) 2023 Certified Taxable Assessed Value within the District as of January 11, 2024 as provided by the Comal Central Appraisal District ("CAD"). See "TAXING PROCEDURES".
- (b) After issuance of the Bonds. See "DEBT SERVICE REQUIREMENTS".
- (c) Unaudited. Included in the sale of Bonds is approximately two years of capitalized interest cost estimated at 6.00% of the principal amount of the Bonds (est. \$1,200,000) which will be deposited to the Interest and Sinking Fund upon closing. Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Interest and Sinking Fund.
- (d) Based on 3.5 residents per active single-family connection.

Unlimited Tax Bonds Authorized but Unissued

<u>Date Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
05/08/2010	Water, Wastewater and Drainage	\$61,408,587	\$24,000,000 (a)	\$37,408,587
05/08/2010	Roadway System	<u>\$10,172,314</u>	<u>0</u>	<u>\$10,172,314</u>
Total		\$71,580,901	\$24,000,000 (a)	\$47,580,901

(a) Including the Bonds. Preliminary; subject to change.

Unlimited Tax Refunding Bonds Authorized but Unissued

<u>Date Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
05/08/2010	Waterworks, Sanitary Sewer and Drainage System	\$61,408,587	\$ 0	\$61,408,587
05/08/2010	Roadway System	<u>\$10,172,314</u>	<u>\$ 0</u>	<u>\$10,172,314</u>
Total		\$71,580,901	\$ 0	\$71,580,901

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Outstanding Bonds

<u>Dated Date</u>	<u>Series</u>	<u>Principal Purpose</u>	<u>Original Outstanding Amount</u>	<u>Principal Amount 12/1/2023</u>
3/1/2024	2024	Water, Sewer & Drainage	\$ 10,000,000	\$ 10,000,000 (a)
6/10/2020	2020	Water, Sewer & Drainage	\$ 7,000,000	\$ 5,720,000
12/15/2017	2017	Wastewater & Drainage	<u>\$ 7,000,000</u>	<u>\$ 5,000,000</u>
			\$ 24,000,000	\$ 20,720,000

(a) The Bonds. Preliminary; subject to change.

Cash and Investment Balances (Unaudited as of February 13, 2024)

Operating Fund	\$2,718,981
Debt Service Fund	\$1,714,368 (a)

(a) Included in the sale of Bonds is approximately two years of capitalized interest cost estimated at 6.00% of the principal amount of the Bonds (est. \$1,200,000) and will be deposited to the Interest and Sinking Fund upon closing. Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Interest and Sinking Fund.

Investment Authority and Investment Practices of the District

The District has adopted an Investment Policy (the "Policy") as required by the PFIA. The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the FDIC and secured by collateral authorized by the PFIA, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term Bonds or derivative products in the portfolio.

Current Investments

The District's funds are currently invested in various Bank Money Market Accounts and Bank CD's in accordance with the Public Funds Investment Act. This investment portfolio is generally representative of the District's investment practices although the District has in the past or may in the future also invest in authorized Government Securities. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements. The District currently marks its investments to market price monthly.

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Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed, from several sources, including information contained in the "Texas Municipal Report," 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 such 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 subdivisions 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.

<u>Taxing Body</u>	<u>Net Debt</u>		<u>% of Overlpg. Net Debt</u>	<u>Amount of Overlpg. Net Debt</u>
	<u>Amount</u>	<u>As of</u>		
Comal County	\$112,915,000	1/31/2024	0.97%	\$ 1,088,340
Comal ISD	\$996,970,214	1/31/2024	0.95%	<u>\$10,378,277</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$11,466,617
The District (a)		2/27/2024	100.00%	<u>\$20,720,000</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING NET DEBT				<u>\$32,186,617</u>
Ratio of Direct & Overlapping Net Debt to 2023 Assessed Valuation as of January 11, 2024				8.97%

(a) After issuance of the Bonds. Preliminary; subject to change.

Overlapping Taxes for 2023

<u>Overlapping Entity</u>	<u>2023 Tax Rate Per \$100 Assessed Valuation</u>	<u>Average Tax Bill (a)</u>
Comal County	\$0.226200	\$1,108.21
Comal Independent School District	1.089200	5,336.26
Comal County – LTR (Roads)	0.049515	242.59
ESD No. 1 (EMS)	0.069826	342.10
ESD No. 5 (Fire)	0.096770	474.10
The District	<u>0.800000</u>	<u>3,919.40</u>
Total	<u>\$2.331511</u>	<u>\$11,422.66</u>

(a) Based upon the 2023 average single-family home value of \$489,925.

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PROJECTED DEBT SERVICE REQUIREMENTS
JOHNSON RANCH MUNICIPAL UTILITY DISTRICT
\$10,000,000
Unlimited Tax Utility System Bonds, Series 2024

Issue Dated: April 9, 2024
First Interest Payment Due: August 1, 2024

Year Ending 8/31	Outstanding Bonds			Series 2024			Total Debt Service Requirement
	Principal	Interest	Total	Principal (Due 08/01)	Interest * (Due 02/01)	Interest * (Due 08/01)	
2024	840,000	288,496	1,128,496		-	250,000	1,378,496
2025	865,000	265,648	1,130,648	250,000	300,000	300,000	1,980,648
2026	895,000	242,109	1,137,109	265,000	292,500	292,500	1,987,109
2027	915,000	217,756	1,132,756	280,000	284,550	284,550	1,981,856
2028	945,000	192,862	1,137,862	300,000	276,150	276,150	1,990,162
2029	970,000	167,154	1,137,154	315,000	267,150	267,150	1,986,454
2030	1,000,000	140,755	1,140,755	335,000	257,700	257,700	1,991,155
2031	1,030,000	113,543	1,143,543	355,000	247,650	247,650	1,993,843
2032	1,065,000	85,518	1,150,518	375,000	237,000	237,000	1,999,518
2033	1,095,000	56,531	1,151,531	400,000	225,750	225,750	2,003,031
2034	540,000	26,730	566,730	420,000	213,750	213,750	1,414,230
2035	560,000	13,608	573,608	445,000	201,150	201,150	1,420,908
2036		-	-	475,000	187,800	187,800	850,600
2037		-	-	505,000	173,550	173,550	852,100
2038		-	-	535,000	158,400	158,400	851,800
2039		-	-	565,000	142,350	142,350	849,700
2040		-	-	600,000	125,400	125,400	850,800
2041		-	-	635,000	107,400	107,400	849,800
2042		-	-	675,000	88,350	88,350	851,700
2043		-	-	715,000	68,100	68,100	851,200
2044		-	-	755,000	46,650	46,650	848,300
2045		-	-	800,000	24,000	24,000	848,000
	\$10,720,000	\$1,810,709	\$12,530,709	\$10,000,000	\$3,925,350	\$4,175,350	\$30,631,409
							\$18,100,700

*Interest rate of 6.00% was used for illustrative purposes only.

TAX DATA

Classification of Assessed Valuation (a)

<u>Type Property</u>	2023		2022	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Single Family Residence	\$ 319,092,872	88.91	\$ 257,313,464	88.71
Multifamily Residence	5,277,700	1.47	3,666,790	1.26
Vacant Lots and Land Tracts	6,450,988	1.80	5,038,048	1.74
Qualified Ag Land	4,310	0.00	15,347	0.01
Non-Qualified Land	71,080	0.02	73,190	0.03
Farm or Ranch Improvement	13,929,428	3.88	7,166,893	2.47
Commercial Real Property	4,632,790	1.29	5,420,170	1.87
Electric Company	269,050	0.07	195,000	0.07
Other Type of Utility	93,930	0.03	1,000	0.00
Commercial Personal Property	242,270	0.07	374,128	0.13
Residential Inventory	8,837,880	2.46	10,784,443	3.72
Totally Exempt Property	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Total	<u>\$ 358,902,298</u>	<u>100.00%</u>	<u>\$ 290,048,473</u>	<u>100.00%</u>

(a) Reflects classification of assessed valuation as supplied by the Comal Appraisal District ("CAD") prior to adjustments or exemptions. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by CAD.

Tax Collections

The following statement of tax collections reflects the historical tax collection experience of the District. Such summary has been prepared for inclusion herein based upon information from District audits and records of the District Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information. See "Classification of Assessed Valuation" above.

	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Current</u>		<u>Total (a)</u>		<u>Year Ending</u>
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	
2018	145,616,558	\$0.8500	\$1,245,019	\$1,211,488	98.96	\$1,223,004	99.90	08/31/19
2019	173,581,016	0.8500	1,504,537	1,481,160	99.99	1,481,157	99.99	08/31/20
2020	197,926,997	0.8500	1,673,818	1,641,140	100.13	1,638,931	100.00	08/31/21
2021	227,178,371	0.8400	1,910,263	1,880,854	100.06	1,878,667	99.94	08/31/22
2022	290,048,473	0.8092	2,402,875	2,343,440,	99.43	2,349,934	99.71	08/31/23
2023	358,903,298	0.8000	2,871,226	In Process of Collection				08/31/24 (b)

(a) Collections as of December 21, 2023.

(b) The tax rate is voted on and levied in September and the tax bills go out in October of each year.

District Tax Rates

<u>Tax Rate Per \$100 A.V.</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Service	\$0.5445	\$0.3924	\$0.4982	\$0.5000	\$0.3387
Maintenance	<u>0.2555</u>	<u>0.4168</u>	<u>0.3418</u>	<u>0.3500</u>	<u>0.5113</u>
Total	\$0.8000	\$0.8092	\$0.8400	\$0.8500	\$0.8500

Tax Rate Limitation

The District's tax rate for debt service on the Bonds is legally unlimited as to rate or amount.

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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 of 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, which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any tax bonds which may be issued in the future. At an election held within the District on May 8, 2010, voters of the District authorized the levy of a \$1.50 maximum for maintenance tax. As shown above under "District Tax Rates," the District levied a maintenance and operations tax of \$0.2555 per \$100 assessed valuation for tax year 2023.

Top Ten Taxpayers

The following list of principal taxpayers was provided by Comal Appraisal District based on the 2021-2023 tax rolls of the District, which reflect ownership as of January 1, of each year shown.

Taxpayer	Type of Property	2023	2022	2021
DHJB Development LLC	Real and Improved	\$10,991,510	\$5,844,882	\$5,783,477
New Leaf Homes LLC	Real and Improved	8,716,544	5,368,948	2,090,710
Lennar Homes of Texas Sales & Marketing Ltd.	Real and Improved	5,607,460	4,577,760	2,995,820
Highlander Senior Village LP	Real and Improved	5,277,700	3,666,790	3,986,360
Alheli Holdings LLC	Real and Improved	4,572,420	5,361,580	(a)
DHJB Partnership LTD	Real and Improved	2,376,420	(a)	(a)
DH/JB Partnership LTD	Real and Improved	2,338,850	2,177,260	1,243,910
Sky House RVCBL Trust	Real and Improved	1,457,670	(a)	(a)
Residential	Real and Improved	988,400	(a)	(a)
Residential	Real and Improved	932,050	(a)	(a)
Perry Homes LLC	Real and Improved	(a)	1,592,334	2,849,575
White Stone Custom Homes Ltd.	Real and Improved	(a)	1,179,645	821,538
Residential	Real and Improved	(a)	814,870	(a)
Residential	Real and Improved	(a)	786,910	(a)
Bulverde SLF LLC	Real and Improved	(a)	(a)	1,638,750
Opendoor Property Trust I	Real and Improved	(a)	(a)	862,642
Residential	Real and Improved	(a)	(a)	642,890
Total		<u>\$43,259,024</u>	<u>\$31,370,979</u>	<u>\$22,915,672</u>
Percent of Assessed Valuation		12.1%	8.7%	6.4%

(a) Not a top ten taxpayer for respective year.

Tax Adequacy for Debt Service

The calculations shown below are solely for purposes of illustration only and are based on the certified assessed value for 2023 as of January 11, 2024 and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - Impact on District Tax Rates."

Projected Average Annual Debt Service Requirements including the Bonds (2025 through 2045)	\$1,392,337
\$0.4100 Tax Rate on 2023 Assessed Valuation as of January 11, 2024 of \$358,903,298 @ 95% collections produces.....	\$1,397,929
Projected Maximum Annual Debt Service Requirements including the Bonds (2033)	\$2,003,031
\$0.5900 Tax Rate on 2023 Assessed Valuation as of January 11, 2024 of \$358,903,298 @ 95% collections produces.....	\$2,011,653

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, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS - Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for firefighting purposes for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA - Tax Rate Limitation".

Valuation of Property for Taxation

The Texas Tax Code (the "Property Tax Code") provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Appraisal District. Except as described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "TAXING PROCEDURES – District and Taxpayer Remedies."

State Mandated Homestead Exemptions

State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) a general residential homestead exemption of up to 20% of the market value of all homesteads (but not less than \$5,000) and (2) an additional special homestead exemption of the market value of the homesteads of persons 65 years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The District currently provides a \$75,000 over 65 exemption to its residents.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport Exemptions

Certain goods detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal. Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days (“Goods-in-Transit”), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer’s retail inventory. A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. The District has taken no action to allow taxation of Goods-in-Transit, and accordingly, the exemption is available within the District.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. The District has not entered into any tax abatement agreements and Collin County has not designated any of the area within the District as a reinvestment zone.

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 of 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 CAD to compel compliance with the Property Tax Code.

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

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 are classified herein as “Developing Districts.” Debt Service and contract tax rates cannot be reduced by a rollback election held within any of the districts described

below. The impact each classification has on the ability of a district to increase its total tax rate is described for each classification below.

Special Taxing Units . . . Special Taxing Units that adopt a total tax rate in excess of 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts . . . Developed Districts that adopt a total tax rate in excess of 1.035 times the amount of the total tax rate 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 and any unused increments authorized by the Tax Code for the preceding tax year, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, 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 are classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 on an annual basis, at the time a district sets its tax rate. For purposes of setting its 2023 tax rate, the District was classified 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 election calculation.

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. Each year 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 or when billed, and become delinquent after January 31 of the following year. However, a person who is 65 years of age or older or disabled is entitled by law to pay current taxes on his residential homestead in installments or to receive a deferred or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. In addition, if the District engages an attorney for the collection of delinquent taxes, the Board may impose a further penalty not to exceed 20% on all taxes, penalty and interest unpaid on July 1. The Property Tax Code also makes provision for the split payment of taxes, installment payments for certain qualifying individuals, discounts for early payment and the postponement of the delinquency date of taxes and the waiver of penalty and interest under certain circumstances.

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local

taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on parity with tax liens of such other taxing units (see "FINANCIAL STATEMENT – Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents enforcement of liens for post-petition taxes from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income of the holders for federal tax purposes under existing law, and the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds will not be subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustments for corporations

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE BONDS" (except for the last paragraph under "Issuance of Additional Debt"), "THE DISTRICT – Management of the District – Consultants – Bond Counsel and Disclosure Counsel," "TAXING PROCEDURES," "LEGAL MATTERS" (first paragraph and the first sentence of the second paragraph only) "TAX MATTERS", and "CONTINUING DISCLOSURE OF INFORMATION;" (except for the subcaption "Compliance with Prior Undertakings") solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. General Counsel has reviewed the information under "EXTRATERRITORIAL JURISDICTION AND ANNEXATION," "THE DISTRICT – "General," " - Location," " - Management of the District – Consultants – General Counsel" " - Annexation of the District", " - Consolidation" and " - Alteration of Boundaries," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel and General Counsel have not, however, independently verified any of the factual information contained in this Official Statement nor has

either conducted an investigation of the affairs of the District or the Developers for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's or General Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

Orrick, Herrington & Sutcliffe LLP, Austin, Texas, serves as Bond Counsel and Disclosure Counsel to the District. Davidson Troilo Ream & Garza, PC, San Antonio, Texas serves as General Counsel to the District. The legal fees paid to Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. General Counsel will provide certain services in association with Bond Counsel in connection with the issuance 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 that 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 no arbitrage certificate may arise out of the transaction.

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

No-Litigation Certificate

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at

the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies

the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Qualified Tax-Exempt Obligations For Financial Institutions

Section 265(a) of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. Section 265(b) of the Code limits the portion of interest a financial institution can deduct when it owns obligations yielding tax exempt interest. It also provides an exception to this rule for interest expense allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The District has designated the Bonds as “qualified tax-exempt obligations” and will or has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the limitation of interest expense allocable to interest on the Bonds under section 265(b) of the Code; however, 20% of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds will not be deductible pursuant to Section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to its Electronic Municipal Market Access System ("EMMA"). This information will be available to securities brokers and others through the MSRB at www.emma.mrsb.org.

Annual Reports

The District will provide certain updated financial information to certain information to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in the tables in this Official Statement under the headings “FINANCIAL STATEMENT” (except for “Estimated Overlapping Debt Statement” and “Overlapping Taxes for 2023”) and “TAX DATA”. The District will update and provide this information within six months after the end of each fiscal year. The updated information will include audited financial statements, if and when audited financial statements become available. If audited financial statements are not available within twelve (12) months after any such fiscal year end, the District will file unaudited financial statements within such twelve (12) month period and file audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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 District's current fiscal year end is August 31. Accordingly, it must provide updated information by February 28, in each year (commencing in 2024 for information related to the fiscal year ending in 2023) unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment

related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax exempt 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 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, 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of financial obligation (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide the MSRB, in a timely manner, notice of any failure by the District to provide the required annual financial information described above under "Annual Reports" and any notices of material events in accordance with this section. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or credit enhancement, unless a municipal bond insurance policy is obtained for credit enhancement.

For purposes of the event numbered (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under a U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement of liquidation by a court or governmental authority having supervision or jurisdiction over substantially all the assets or business of the District. For the purposes of the events described in clauses (15) and (16) above, the term "financial obligation" is defined in the Bond Order to mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or source of payment for, an 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 and 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..

Availability of Information from MSRB

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

Compliance with Prior Undertakings

The District has not previously entered into a continuing disclosure agreement pursuant to the Rule.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of SAMCO Capital Markets, Inc. (the "Financial Advisor"), which firm was employed in 2008 as Financial Advisor to the District. The fees paid 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.

OFFICIAL STATEMENT

Preparation

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a

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

Experts

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

The 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 Bleyl Engineering, and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in the Official Statement relating to the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "FINANCIAL STATEMENT" and "TAX DATA" has been provided by the Comal Appraisal District, in reliance upon the authority as experts in appraising and tax assessing.

Tax Assessor/Collector: The information contained in this Official Statement relating to tax collection rates has been provided by Cathy C. Talcott in reliance upon her authority as an expert in the field of tax assessing and collecting.

Auditor: The information contained in Appendix A in this official Statement has been provided by Maxwell Locke and Ritter LLP, the District's current auditor.

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, through the ordinary course of business and without undertaking any investigation or examination for such purposes, 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 below. 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 the District that less than all the Bonds have been sold to ultimate customers on or before such date, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification as to Official Statement

The District, acting by and through its Board 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.

Official Statement "Deemed Final"

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information

referred to in the succeeding paragraph.

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

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

Secretary, Board of Directors
Johnson Ranch Municipal Utility District

President, Board of Directors
Johnson Ranch Municipal Utility District

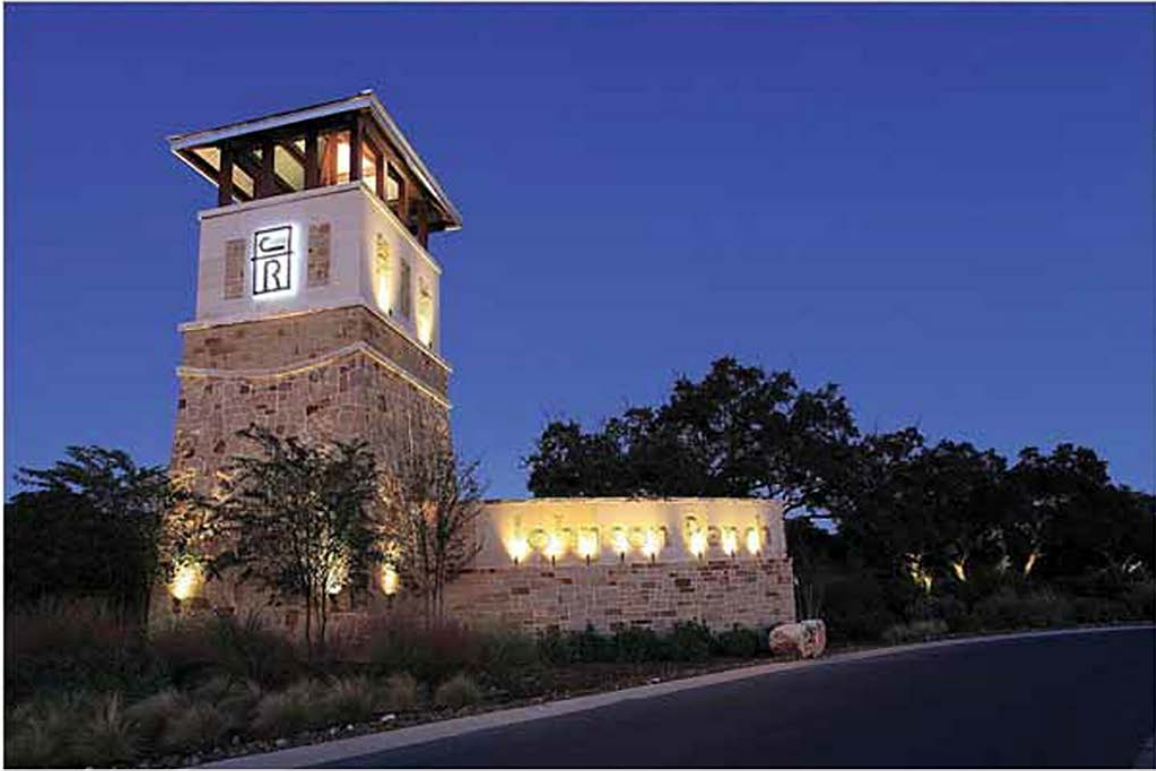
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PHOTOGRAPHS

The following photographs were taken in the District in February 2024. 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." **You can also view the District at <http://johnsonranch-tx.com/>**

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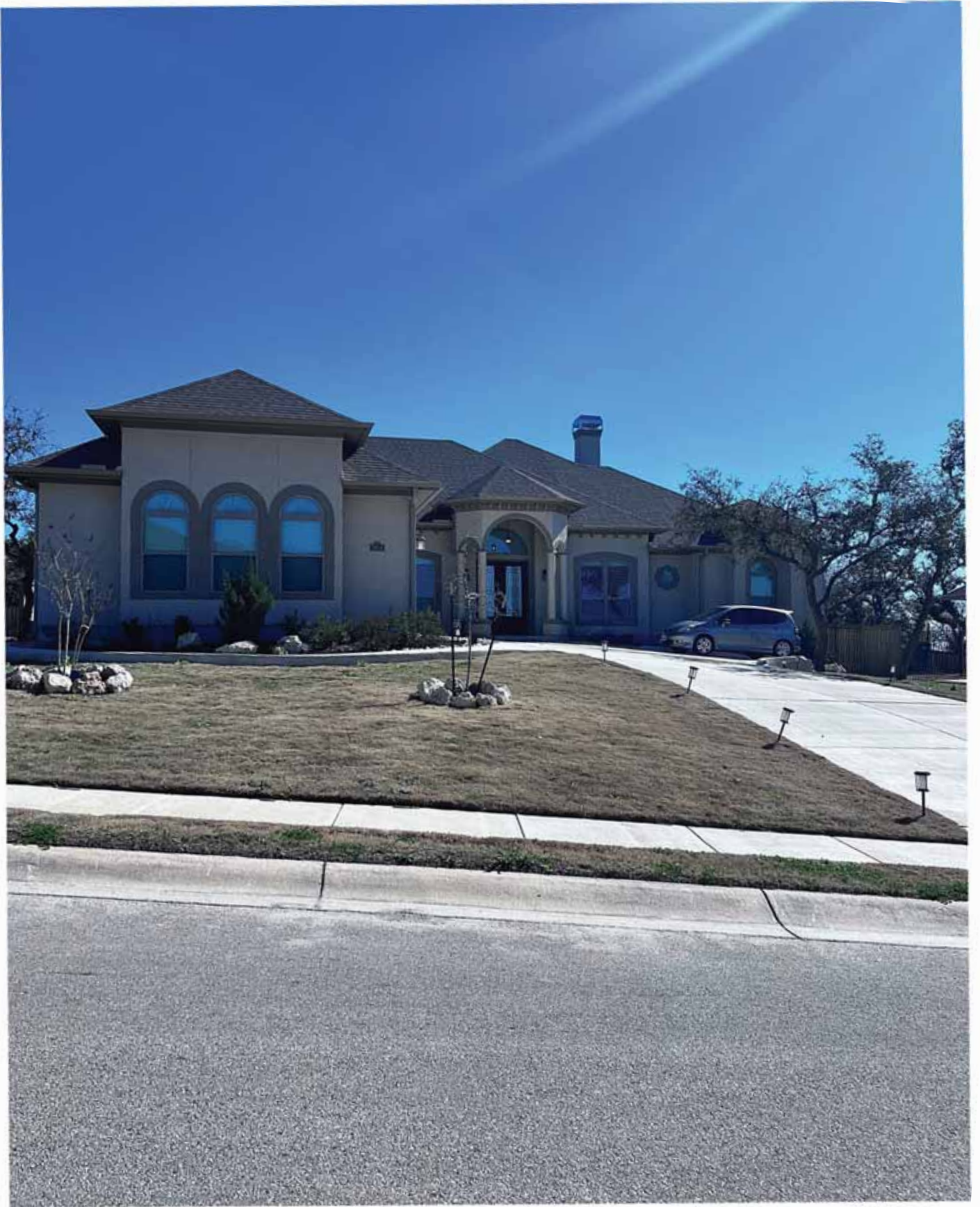






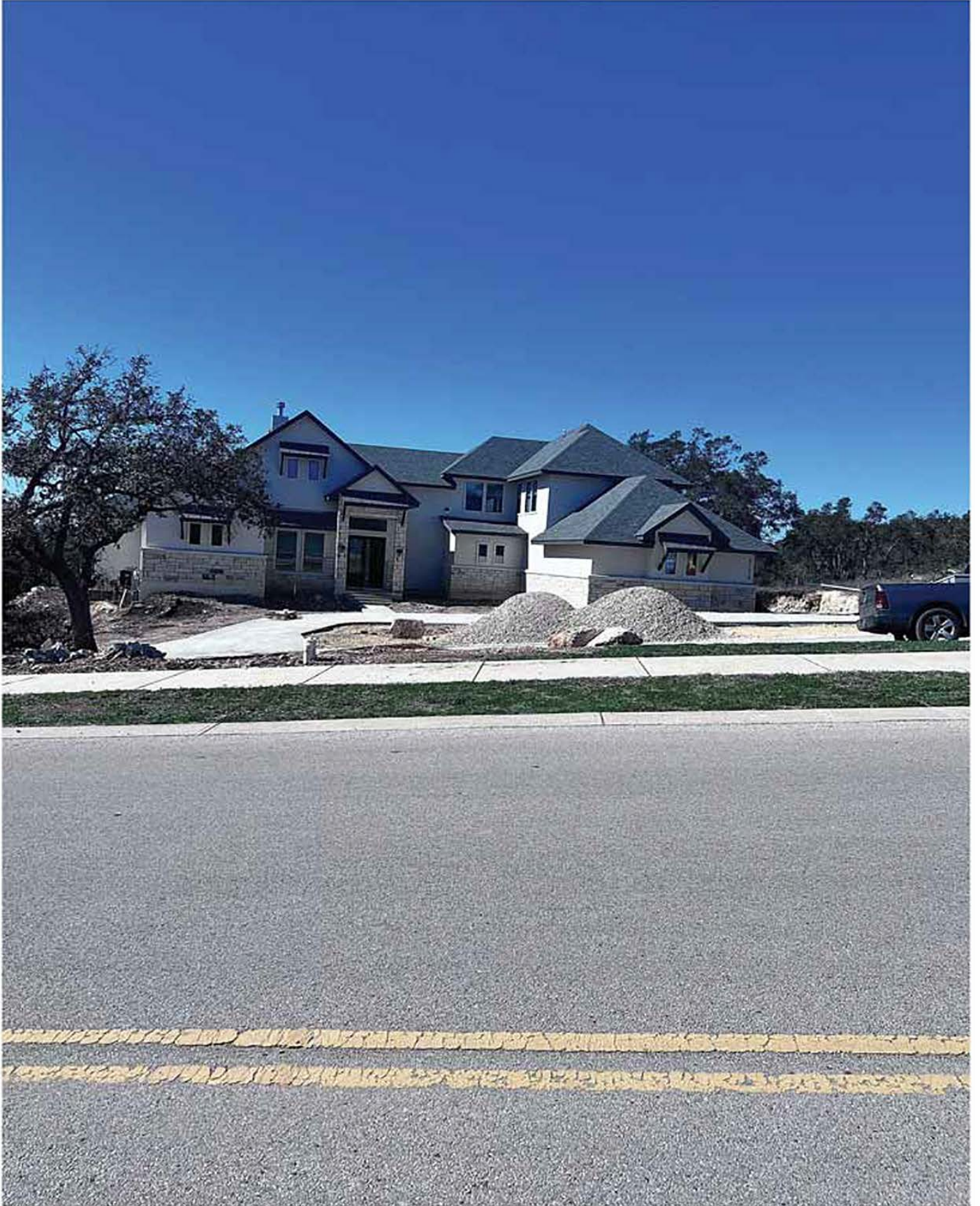


















APPENDIX A
District Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Johnson Ranch Municipal Utility District -for the fiscal year ended August 31, 2023. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

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**Johnson Ranch
Municipal Utility District**

**Financial Statements and
Supplemental Information
as of and for the
Year Ended August 31, 2023 and
Independent Auditors' Report**



Johnson Ranch Municipal Utility District

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Annual Filing Affidavit

The State of Texas

County of Comal

I, SHERYL SHORT
(Name of Duly Authorized District Representative)

of the Johnson Ranch Municipal Utility District

hereby swear, or affirm, that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 12th day of December, 2023, its annual audit report for the fiscal year ended August 31, 2023 and that copies of the annual audit report have been filed in the District office, located at 601 NW Loop 410, Suite 100, San Antonio, TX 78216.

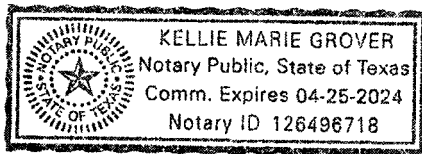
The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements within Section 49.194 of the Texas Water Code and to the Texas Comptroller of Public Accounts in satisfaction of the annual filing requirements of Section 140.008 of the Texas Local Government Code.

Date: /;? . - /L/ -, 20

By: Sheryl Short
(Signature of District Representative)

51-H:LL 5Hofr, :PRciDC>lr:
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 14 day of December, 2023



(SEAL)

Kellie Marie Grover
(Signature of Notary)

Kellie Marie Grover
(Printed Name of Notary)

My Commission Expires On: 1-f 8, S - Jp & tf
Notary Public in and for the State of Texas.



MAXWELL LOCKE & RITTER LLP

Accountants and Consultants

An Affiliate of CPAmerica International

tel (512) 370 3200 fax (512) 370 3250
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Austin: 401 Congress Avenue, Suite 1100
Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300
Round Rock, TX 78664

Independent Auditors' Report

To the Board of Directors of
Johnson Ranch Municipal Utility District:

Opinions

We have audited the financial statements of the governmental activities and each major fund of Johnson Ranch Municipal Utility District (the "District"), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Affiliated Company

ML&R WEALTH MANAGEMENT LLC

*"A Registered Investment Advisor"
This firm is not a CPA firm*

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information required by the Texas Commission on Environmental Quality (the "TCEQ") listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information required by the TCEQ listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other supplemental information listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Austin, Texas
December 12, 2023

Johnson Ranch Municipal Utility District

Management's Discussion and Analysis Year Ended August 31, 2023

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Johnson Ranch Municipal Utility District (the "District") offers the following narrative on the financial performance of the District for the year ended August 31, 2023. Please read it in connection with the District's financial statements that follow.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Total Governmental Funds" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

Overview of the Basic Financial Statements

The District's reporting is comprised of two parts:

- *Management's Discussion and Analysis* (this section)
- *Basic Financial Statements*
 - *Statement of Net Position and Governmental Funds Balance Sheet*
 - *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*
 - *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund*
 - *Notes to Basic Financial Statements*

Other supplementary information is also included.

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Total Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances* includes a column (titled "Total Governmental Funds") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund* presents a comparison statement between the District’s adopted budget to its actual results.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances*.

Schedules required by the Texas Commission on Environmental Quality and other supplemental information are presented immediately following the *Notes to Basic Financial Statements*.

Comparative Financial Statements

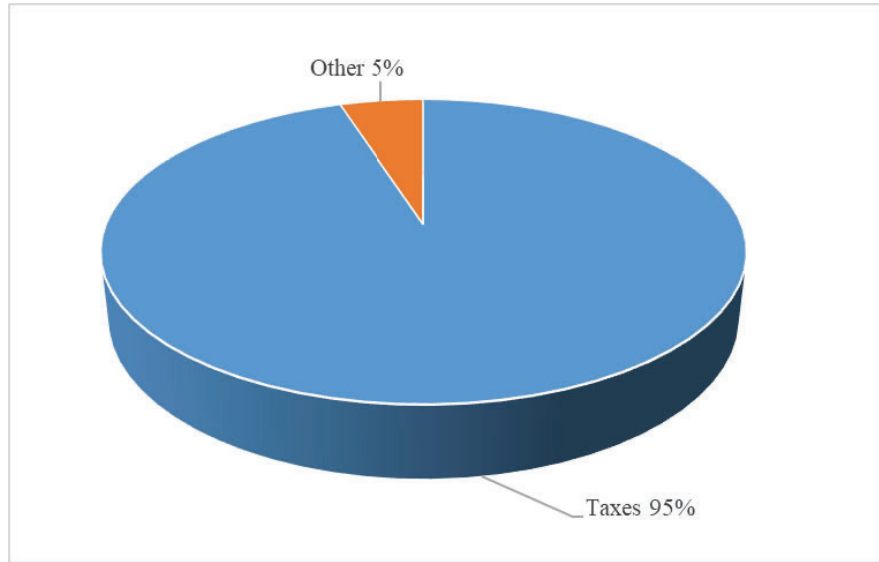
Statement of Net Position

	Governmental Activities		
	2023	2022	% Change
Current assets	\$ 2,850,782	\$ 2,014,708	41%
Capital and non-current assets	10,385,343	10,670,787	(3%)
Total assets	<u>\$ 13,236,125</u>	<u>\$ 12,685,495</u>	<u>4%</u>
Current liabilities	\$ 965,859	\$ 888,900	9%
Long-term liabilities	12,092,762	12,932,762	(6%)
Total liabilities	<u>\$ 13,058,621</u>	<u>\$ 13,821,662</u>	<u>(6%)</u>
Net investment in capital assets	\$ (334,654)	\$ (864,210)	61%
Restricted	362,778	305,029	19%
Unrestricted	149,380	(576,986)	126%
Total net position	<u>\$ 177,504</u>	<u>\$ (1,136,167)</u>	<u>116%</u>

The District’s total assets were \$13,236,125 as of August 31, 2023. Of this amount, \$10,385,343 is accounted for by capital assets. The District had outstanding liabilities of \$13,058,621 as of August 31, 2023, of which \$10,720,000 represents bonds payable.

The District’s assessed value for fiscal year 2023 (which is based on the 2022 tax levy) was approximately \$300.3 million. The tax rate is set after reviewing the operating and debt service requirements and appraised values determined by Comal County. The District’s primary revenue source is property tax revenue.

Sources of Revenue



Statement of Activities

	Governmental Activities		
	2023	2022	% Change
Property taxes, including penalties and interest	\$ 2,359,981	\$ 1,884,328	25%
Interest and miscellaneous	129,703	84,322	54%
Total revenues	\$ 2,489,684	\$ 1,968,650	26%
Service operations	\$ 581,506	\$ 463,546	25%
Debt service	309,063	330,649	(7%)
Depreciation	285,444	285,444	0%
Total expenses	1,176,013	1,079,639	9%
Change in net position	1,313,671	889,011	48%
Beginning net position	(1,136,167)	(2,025,178)	44%
Ending net position	\$ 177,504	\$ (1,136,167)	116%

Operating revenues increased by \$521,034 to \$2,489,684 for the fiscal year ended August 31, 2023. Property taxes generated \$2,359,981 in revenues and other revenues provided \$129,703 for the fiscal year ended August 31, 2023. Total expenses increased by \$96,374 to \$1,176,013 for the fiscal year ended August 31, 2023. Net position increased \$1,313,671 for the fiscal year ended August 31, 2023, compared to an increase of \$889,011 for the fiscal year ended August 31, 2022.

Analysis of Governmental Funds

	2023	2022	2021
Cash	\$ 34,243	\$ 93,933	\$ 29,636
Investments	2,728,403	1,903,068	1,779,124
Receivables	236,927	9,091	18,705
Prepaid items	68,382	9,104	14,500
Total assets	\$ 3,067,955	\$ 2,015,196	\$ 1,841,965
Accounts payable	\$ 96,611	\$ 47,780	\$ 60,761
Other liabilities	222,380	718	20,204
Total liabilities	318,991	48,498	80,965
Deferred inflows of resources	13,060	2,113	2,405
Nonspendable	68,382	9,104	14,500
Restricted	380,399	329,823	502,027
Unassigned	2,287,123	1,625,658	1,242,068
Total fund balances	2,735,904	1,964,585	1,758,595
Total liabilities, deferred inflows of resources and fund balances	\$ 3,067,955	\$ 2,015,196	\$ 1,841,965

The *General Fund* pays for daily operating expenditures. When comparing actual to budget, revenues were greater than budgeted by \$51,354 primarily due to higher than expected interest income in the current year. Expenditures were lower than budgeted by \$23,344 primarily due to less repairs and maintenance costs than expected in the current year. More detailed information about the District's budgetary comparison is presented in the *Basic Financial Statements*.

The *Debt Service Fund* remitted bond principal of \$815,000 and interest of \$310,612. More detailed information about the District's debt is presented in the *Notes to Basic Financial Statements*.

The *Capital Projects Fund* purchases the District's infrastructure. There was no change to fund balance for the Capital Projects Fund during the fiscal year ended August 31, 2023.

Capital Assets

	<u>2023</u>	<u>2022</u>
Water, wastewater and drainage facilities	\$ 11,362,402	\$ 11,362,402
Land	<u>227,285</u>	<u>227,285</u>
Subtotal	11,589,687	11,589,687
Accumulated depreciation	<u>(1,204,344)</u>	<u>(918,900)</u>
Total	<u>\$ 10,385,343</u>	<u>\$ 10,670,787</u>

More detailed information about the District's capital assets is presented in the *Notes to Basic Financial Statements*.

Long-Term Debt Activity

	<u>2023</u>	<u>2022</u>
Series 2017 Bonds	\$ 5,000,000	\$ 5,425,000
Series 2020 Bonds	<u>5,720,000</u>	<u>6,110,000</u>
	<u>\$ 10,720,000</u>	<u>\$ 11,535,000</u>

The District owes approximately \$10.7 million to bond holders. More detailed information about the District's long-term debt is presented in the *Notes to Basic Financial Statements*.

Currently Known Facts, Decisions or Conditions

The fiscal year 2024 tax rate (2023 tax year) has been set at \$0.8000 per \$100 of assessed valuation, which consists of \$0.2555 for maintenance and operations and \$0.5445 for debt service. The adopted budget for 2024 projects a General Fund fund balance increase of \$150,505. When compared to the 2023 budget, revenues are expected to decrease by approximately 22% due to a decrease in property tax income. Expenditures are expected to increase by approximately 20% primarily due to increase in legal fees in fiscal year 2024. Approximately 32% of the property tax will fund general operating expenditures, and approximately 68% of the property tax will be set aside for debt service.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Davidson Troilo Ream & Garza, 601 NW Loop 410, Suite 100, San Antonio, TX 78216.

Johnson Ranch Municipal Utility District

Statement of Net Position and Governmental Funds Balance Sheet August 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Government- Wide Statement of Net Position
Assets:						
Cash	\$ 34,240	\$ -	\$ 3	\$ 34,243	\$ -	\$ 34,243
Investments	2,565,728	162,675	-	2,728,403	-	2,728,403
Receivables:						
Property taxes	6,637	6,423	-	13,060	-	13,060
Interfund	-	217,173	-	217,173	(217,173)	-
Other	6,146	548	-	6,694	-	6,694
Prepaid items	68,382	-	-	68,382	-	68,382
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	227,285	227,285
Water, wastewater, and drainage facilities	-	-	-	-	10,158,058	10,158,058
Total assets	<u>\$ 2,681,133</u>	<u>\$ 386,819</u>	<u>\$ 3</u>	<u>\$ 3,067,955</u>	<u>10,168,170</u>	<u>13,236,125</u>
Liabilities:						
Accounts payable	\$ 96,611	\$ -	\$ -	\$ 96,611	-	96,611
Interfund payable	217,173	-	-	217,173	(217,173)	-
Other liabilities	5,207	-	-	5,207	-	5,207
Bond interest payable	-	-	-	-	24,041	24,041
Long-term liabilities:						
Due to developer	-	-	-	-	2,212,762	2,212,762
Due within one year	-	-	-	-	840,000	840,000
Due after one year	-	-	-	-	9,880,000	9,880,000
Total liabilities	<u>318,991</u>	<u>-</u>	<u>-</u>	<u>318,991</u>	<u>12,739,630</u>	<u>13,058,621</u>
Deferred Inflows of Resources-						
Deferred revenue - property taxes	<u>6,637</u>	<u>6,423</u>	<u>-</u>	<u>13,060</u>	<u>(13,060)</u>	<u>-</u>
Fund Balances/Net Position:						
Fund balances:						
Nonspendable	68,382	-	-	68,382	(68,382)	-
Restricted for:						
Debt service	-	380,396	-	380,396	(380,396)	-
Capital projects	-	-	3	3	(3)	-
Unassigned	<u>2,287,123</u>	<u>-</u>	<u>-</u>	<u>2,287,123</u>	<u>(2,287,123)</u>	<u>-</u>
Total fund balances	<u>2,355,505</u>	<u>380,396</u>	<u>3</u>	<u>2,735,904</u>	<u>(2,735,904)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,681,133</u>	<u>\$ 386,819</u>	<u>\$ 3</u>	<u>\$ 3,067,955</u>		
Net position:						
Net investment in capital assets					(334,654)	(334,654)
Restricted for debt service					362,778	362,778
Unrestricted					149,380	149,380
Total net position					<u>\$ 177,504</u>	<u>\$ 177,504</u>

The notes to the financial statements are an integral part of this statement.

Johnson Ranch Municipal Utility District

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances Year Ended August 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Adjustments (Note 2)	Government- Wide Statement of Activities
Revenues:						
Property taxes, including penalties and interest	\$ 1,210,203	\$ 1,138,831	\$ -	\$ 2,349,034	\$ 10,947	\$ 2,359,981
Interest	91,139	37,652	-	128,791	-	128,791
Other	907	5	-	912	-	912
Total revenues	<u>1,302,249</u>	<u>1,176,488</u>	<u>-</u>	<u>2,478,737</u>	<u>10,947</u>	<u>2,489,684</u>
Expenditures/expenses:						
Service operations:						
Legal fees	140,626	-	-	140,626	-	140,626
Water reservation fees	170,321	-	-	170,321	-	170,321
Engineering fees	73,588	-	-	73,588	-	73,588
Repairs and maintenance	22,568	-	-	22,568	-	22,568
Tax appraisal/collection fees	23,848	-	-	23,848	-	23,848
Utilities	43,053	-	-	43,053	-	43,053
Bookkeeping fees	50,382	-	-	50,382	-	50,382
Insurance	17,792	-	-	17,792	-	17,792
Director fees, including payroll taxes	8,397	-	-	8,397	-	8,397
Audit fees	14,000	-	-	14,000	-	14,000
Financial advisor fees	2,500	-	-	2,500	-	2,500
Other	14,431	-	-	14,431	-	14,431
Debt service:						
Principal	-	815,000	-	815,000	(815,000)	-
Interest	-	310,612	-	310,612	(1,849)	308,763
Other	-	300	-	300	-	300
Depreciation	-	-	-	-	285,444	285,444
Total expenditures/expenses	<u>581,506</u>	<u>1,125,912</u>	<u>-</u>	<u>1,707,418</u>	<u>(531,405)</u>	<u>1,176,013</u>
Net change in fund balances/ net position	720,743	50,576	-	771,319	542,352	1,313,671
Fund balances/net position:						
Beginning of year	<u>1,634,762</u>	<u>329,820</u>	<u>3</u>	<u>1,964,585</u>	<u>(3,100,752)</u>	<u>(1,136,167)</u>
End of year	<u>\$ 2,355,505</u>	<u>\$ 380,396</u>	<u>\$ 3</u>	<u>\$ 2,735,904</u>	<u>\$ (2,558,400)</u>	<u>\$ 177,504</u>

The notes to the financial statements are an integral part of this statement.

Johnson Ranch Municipal Utility District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund Year Ended August 31, 2023

	Original and Final Budget	Actual	Variance
Revenues:			
Property taxes, including penalties and interest	\$ 1,173,235	\$ 1,210,203	\$ 36,968
Drainage fees	70,000	-	(70,000)
Interest	6,510	91,139	84,629
Other	1,150	907	(243)
Total revenues	<u>1,250,895</u>	<u>1,302,249</u>	<u>51,354</u>
Expenditures:			
Legal fees	140,000	140,626	(626)
Water reservation fees	150,000	170,321	(20,321)
Engineering fees	66,000	73,588	(7,588)
Repairs and maintenance	75,000	22,568	52,432
Tax appraisal/collection fees	20,000	23,848	(3,848)
Utilities	40,000	43,053	(3,053)
Bookkeeping fees	48,000	50,382	(2,382)
Insurance	17,500	17,792	(292)
Director fees, including payroll taxes	10,650	8,397	2,253
Audit fees	14,000	14,000	-
Financial advisor fees	2,500	2,500	-
Other	21,200	14,431	6,769
Total expenditures	<u>604,850</u>	<u>581,506</u>	<u>23,344</u>
Excess of revenues over expenditures	646,045	720,743	74,698
Fund balance:			
Beginning of year	<u>1,634,762</u>	<u>1,634,762</u>	-
End of year	<u>\$ 2,280,807</u>	<u>\$ 2,355,505</u>	<u>\$ 74,698</u>

The notes to the financial statements are an integral part of this statement.

Johnson Ranch Municipal Utility District

Notes to Basic Financial Statements Year Ended August 31, 2023

1. Summary of Significant Accounting Policies

Johnson Ranch Municipal Utility District (the “District”) is a political subdivision of the State of Texas, originally created as Comal County Water Control and Improvement District No. 1 pursuant to an order issued by Comal County under provisions of Chapters 49 and 51, Texas Water Code, in accordance with the provisions of Article XVI, Section 59 of the Texas Constitution, effective February 20, 2007. Pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”) dated September 29, 2009, the District was converted from a water control and improvement district to a municipal utility district and its name was changed to Johnson Ranch Municipal Utility District. The District currently operates under Chapters 49 and 54 of the Texas Water Code and is subject to Article XVI, Section 59, of the Texas Constitution. The District operates under an elected Board of Directors.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the “Board”) which has been elected by District residents or appointed by the Board. The District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In addition, there are no component units which are included in the District’s reporting entity.

Government-Wide and Fund Financial Statements

For purposes of GASB Statement No. 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the “Total Governmental Funds” column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the statement of net position and the statement of activities.

The government-wide financial statements report information on all of the activities of the District. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any unassigned fund balance is considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due.

The Capital Projects Fund is used to account for financial resources restricted for authorized construction and other capital asset acquisitions.

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund and the Capital Projects Fund. The budget is proposed for the fiscal year commencing the following September 1, and is adopted on the modified accrual basis, which is consistent with generally accepted accounting principles.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

Investments - Temporary investments throughout the year consisted of investments in an external local government investment pool and certificates of deposit. The external local government investment pool is recognized at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District's deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Ad Valorem Property Taxes - Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Prepaid Items - Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

Capital Assets - Capital assets, which includes land and water, wastewater and drainage facilities, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 and a useful life of at least two years. Such assets are recorded at historical cost if purchased or estimated acquisition value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Capital assets (other than land) are depreciated using the straight line method over the following estimated useful lives: water, wastewater and drainage facilities – ten to forty-five years.

Interfund Transactions - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, including bond insurance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond insurance costs are reported as assets and amortized over the term of the related debt.

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

Fund Equity - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 8 for additional information on those fund balance classifications.

Deferred Outflows and Deferred Inflows of Resources - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fair Value Measurements - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Use of Estimates - The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds total fund balance	\$ 2,735,904
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds-	
Capital assets, net of accumulated depreciation	10,385,343
Deferred tax revenue is not available to pay for current-period expenditures and, therefore, is deferred in the funds.	13,060
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(10,720,000)
Bond interest payable	(24,041)
Developer advances	<u>(2,212,762)</u>
Total net position	<u>\$ 177,504</u>

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds net change in fund balances	\$ 771,319
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is generally allocated over their estimated useful lives as depreciation expense-	
Depreciation expense	(285,444)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds-	
Change in deferred tax revenue	10,947
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position-	
Repayment of bond principal	815,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds-	
Change in bond interest payable	<u>1,849</u>
Change in net position	<u>\$ 1,313,671</u>

3. Cash and Temporary Investments

The District’s deposits are required to be secured in the manner provided by law for the security of the funds. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of August 31, 2023, the District’s bank deposits were entirely covered by Federal Deposit Insurance Corporation (“FDIC”) insurance or secured by collateral pledged by the depository.

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy. The District’s deposits and investments are invested pursuant to the investment policy, which is approved annually by the Board. The primary objectives of the District’s investment strategy, in order of priority, are safety, liquidity, and yield.

The District is entitled to invest in obligations of the United States Government and/or its agencies and instrumentalities, certificates of deposit, repurchase agreements with a defined termination date, bankers’ acceptance and commercial paper with a stated maturity of 270 days or less, no-load money market funds, and public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

Investments held at August 31, 2023 consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor’s Rating
Local Governmental Investment Pool- TexPool	\$ 2,158,403	1	AAAM
Certificates of deposit	<u>570,000</u>	308	N/A
Total	<u><u>\$ 2,728,403</u></u>		

TexPool - The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the state investment pool (“TexPool”). Although TexPool is not registered with the SEC as an investment company, they operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. TexPool also has an advisory board to advise on TexPool’s investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Hermes manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool’s investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

Credit Risk - At August 31, 2023, investments were included in an external local governmental investment pool and certificates of deposit with ratings from Standard & Poor's in compliance with the District's investment policy.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are in certificates of deposit with Frontier Bank and Veritex Community Bank. These investments are 12% and 9%, respectively, of the District's total investments at August 31, 2023.

Interest Rate Risk - The District considers the holdings in the external local governmental investment pool to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2023, the District's holdings in the certificates of deposit had a weighted average maturity of 308 days.

4. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." The composition of interfund balances as of August 31, 2023 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	<u>\$ 217,173</u>

5. Capital Assets

Capital assets activity for the year ended August 31, 2023 was as follows:

	Balance 8/31/2022	Additions	Retirements and Transfers	Balance 8/31/2023
Capital assets, not being depreciated-				
Land	\$ 227,285	-	-	227,285
Capital assets, being depreciated-				
Water, wastewater and drainage facilities	11,362,402	-	-	11,362,402
Less accumulated depreciation for-				
Water, wastewater and drainage facilities	(918,900)	(285,444)	-	(1,204,344)
Total capital assets, being depreciated, net	10,443,502	(285,444)	-	10,158,058
Capital assets, net	<u>\$ 10,670,787</u>	<u>(285,444)</u>	<u>-</u>	<u>10,385,343</u>

6. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2023:

	Balance 8/31/2022	Additions	Retirements	Balance 8/31/2023
Unlimited Tax Bonds	\$ 11,535,000	-	(815,000)	10,720,000

Bonds payable at August 31, 2023 consisted of the following:

Series	Description	Matures	Interest Rates	Balance 8/31/2023	Due within one year
2017	Unlimited Tax Bonds	8/1/2033	2.99%	\$ 5,000,000	\$ 435,000
2020	Unlimited Tax Bonds	8/1/2035	2.43%	5,720,000	405,000
				<u>\$ 10,720,000</u>	<u>\$ 840,000</u>

The District bonds are secured by and payable from a first lien and pledge of ad valorem taxes of the District.

Debt service requirements to maturity for District’s bonds are summarized as follows:

Fiscal Year	Principal	Interest	Total Requirement
2024	\$ 840,000	288,496	1,128,496
2025	865,000	265,648	1,130,648
2026	895,000	242,108	1,137,108
2027	915,000	217,756	1,132,756
2028	945,000	192,861	1,137,861
2029-2033	5,160,000	563,503	5,723,503
2034-2035	1,100,000	40,338	1,140,338
Total	<u>\$ 10,720,000</u>	<u>1,810,710</u>	<u>12,530,710</u>

At August 31, 2023, unlimited tax bonds of \$47,408,587, road bonds of \$10,172,314, and refunding bonds of \$71,580,901 were authorized by the voters of the District, but unissued.

7. Property Taxes

The Texas Water Code authorizes the District to levy a tax each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located within its boundaries. Assessed values are established annually by the Comal Appraisal District. District property tax revenues are recognized when levied to the extent that they are collected in the current year. The uncollected balance is reported as deferred revenue. Taxes receivable are due January 1 and are delinquent if received after January 31 and are subject to penalty and interest charges.

In September 2022, the District levied a maintenance tax rate of \$0.4168 per \$100 of assessed valuation to finance operating expenditures and levied an ad valorem tax rate of \$0.3924 per \$100 of assessed valuation to pay principal and interest on the District’s outstanding bonds. The total 2022 tax levy was \$2,402,875 based on a taxable valuation of \$300,294,445.

8. Fund Balances

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 11.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

9. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. During the year ended August 31, 2023, there were no significant reductions in insurance coverage from coverage in the prior year and settlements have not exceeded coverage in any of the prior three years.

10. Commitments and Contingencies

The District is currently under development and the construction of facilities is being paid for by the developer(s) of the District. The Board authorized the funding of the projects and the reimbursement of the developer(s) for the cost of the projects out of bond proceeds when the bonds are authorized and issued. Bond proceeds will be used to purchase all of the capital assets within the District including related infrastructure. The District will take ownership when the facilities are sold from the developer(s) to the District in conjunction with the bond sale and when the bonds for the respective facilities are fully paid off with tax revenues. Within five years of the date that the District has purchased the facilities from the developer(s), the District will convey the purchased facilities to the Guadalupe-Blanco River Authority ("GBRA"). Voters within the District have approved authorization to issue \$71,580,901 of bonds to fund the cost of proposed facilities and related non-construction costs based upon the District's engineer reports, of which \$57,580,901 remains to be issued. As of August 31, 2023, the District owed \$2,212,762 to the developer(s) for advances used to fund operating activities. These advances, plus interest, are subject to reimbursement from future bonds issues in accordance with the rules of the TCEQ.

The District entered into a strategic partnership agreement (the “Strategic Partnership Agreement”) with the City of Bulverde (the “City”) on December 8, 2009. The City annexed 85.63 acres, for limited purposes, following the City and District’s approval of the Strategic Partnership Agreement. The Strategic Partnership Agreement also provides for the City’s annexation of the entire District into the full purpose municipal jurisdiction of the City after the latter of December 8, 2024 or the completion of the water, wastewater, roadway and drainage facilities required to serve at least 90% of the developable acreage in the District and the completion of the related reimbursements to the developer. Under the Strategic Partnership Agreement, the District shall develop, own, operate and maintain the water, wastewater and drainage system in the District and use its best efforts to take actions, including the potential development of infrastructure, for the benefit of the District, its landowners and residents. The City shall pay the District an amount equal to 65% of the 1% sales and use tax revenues taxed on the receipts from sales and use in the commercial portion of the District. As of August 31, 2023, the City has not annexed any portion of the District, and the District has not recognized any revenue related to the Strategic Partnership Agreement.

Johnson Ranch Municipal Utility District

**Index of Supplemental Schedules Required by the
Texas Commission on Environmental Quality
Year Ended August 31, 2023**

Schedule Included		
<u>Yes</u>	<u>No</u>	
<u>X</u>	<u> </u>	TSI-0 Notes Required by the Water District Accounting Manual
<u>X</u>	<u> </u>	TSI-1 Schedule of Services and Rates
<u>X</u>	<u> </u>	TSI-2 Schedule of General Fund Expenditures
<u>X</u>	<u> </u>	TSI-3 Schedule of Temporary Investments
<u>X</u>	<u> </u>	TSI-4 Analysis of Taxes Levied and Receivable
<u>X</u>	<u> </u>	TSI-5 Long-Term Debt Service Requirements by Years
<u>X</u>	<u> </u>	TSI-6 Analysis of Changes in Long-Term Bonded Debt
<u>X</u>	<u> </u>	TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years
<u>X</u>	<u> </u>	TSI-8 Board Members, Key Personnel and Consultants

Johnson Ranch Municipal Utility District

TSI-0 Notes Required by the Water District Accounting Manual Year Ended August 31, 2023

The notes which follow are not necessarily required for fair presentation of the audited basic financial statements of the District which are contained in the preceding section of this report. They are presented in conformity with requirements of the Texas Commission on Environmental Quality to assure disclosure of specifically required facts.

(A) Creation of District

See Note 1 to basic financial statements.

(B) Contingent Liabilities

See Note 10 to basic financial statements.

(C) Pension Coverage

Not applicable.

(D) Pledge of Revenues

See Note 6 to basic financial statements.

(E) Compliance with Debt Service Requirements

The provisions of the bond resolutions as summarized in Note 6 to basic financial statements relating to debt service requirements have been met.

(F) Redemption of Bonds

See Note 6 to basic financial statements.

Johnson Ranch Municipal Utility District

TSI-1 Schedule of Services and Rates Year Ended August 31, 2023

1. Services Provided by the District:

- | | | |
|--|---|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
- Participates in joint venture, regional system and or wastewater service
(other than emergency interconnect)
- Other (specify): _____

2. Retail Service Providers:

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons Over Minimum	Usage Levels
Water	\$ (1)	_____	_____	\$	_____
Wastewater	\$ (1)	_____	_____	\$	_____
Surcharge	\$ (1)	_____	_____		

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water: \$ (1) Wastewater: \$ (1)

(1) Water and wastewater service provided to District customers by the GBRA. The District has entered into a contract with the GBRA for operation and maintenance of the District's water and wastewater system.

(continued)

Johnson Ranch Municipal Utility District

**TSI-1 Schedule of Services and Rates (continued)
Year Ended August 31, 2023**

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
<=3/4"				
1"				
1 1/2"				
2"				
3"				
4"				
6"				
8"				
10"				
Total Water	(1)			
Total Wastewater	(1)			

(1) Water and wastewater service provided to District customers by the GBRA. The District has entered into a contract with the GBRA for operation and maintenance of the District's water and wastewater system.

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

Gallons pumped into system:	<u> (1) </u>	Water Accountability Ratio: (Gallons billed/Gallons pumped)
Gallons billed to customers:	<u> (1) </u>	<u> N/A </u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

(continued)

Johnson Ranch Municipal Utility District

**TSI-1 Schedule of Services and Rates (continued)
Year Ended August 31, 2023**

5. Location of District:

County(ies) in which district is located: Comal

Is the District located entirely within one county? Yes No

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

City(ies) in which District is located: N/A

Is the District located within a city's extra-territorial jurisdiction (ETJ?) Entirely Partly Not at all

ETJ's in which district is located: Bulverde, TX

Are Board members appointed by an office outside the District? Yes No

If yes, by whom? N/A

Johnson Ranch Municipal Utility District

**TSI-2 Schedule of General Fund Expenditures
Year Ended August 31, 2023**

Personnel expenditures (including benefits)	\$	-
Professional fees:		
Auditing		14,000
Legal		140,626
Engineering		73,588
Financial advisor		2,500
Purchased services for resale-		
Bulk water and wastewater service purchases		170,321
Contracted services:		
Bookkeeping		50,382
General manager		-
Appraisal district/tax collector		23,848
Other contracted services		-
Utilities		43,053
Repairs and maintenance		22,568
Administrative expenditures:		
Directors' fees		8,397
Office supplies		908
Insurance		17,792
Other administrative expenses		13,523
Capital outlay:		
Capitalized assets		-
Expenditures not capitalized		-
Tap connection expenditures		-
Solid waste disposal		-
Fire fighting		-
Parks and recreation		-
Other expenditures		-
Total expenditures	<u>\$</u>	<u>581,506</u>

Number of persons employed by the District: 0 Full-Time 5 Part-Time
(Does not include independent contractors or consultants)

Johnson Ranch Municipal Utility District

**TSI-3 Schedule of Temporary Investments
Year Ended August 31, 2023**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at 8/31/23
General Fund:				
Investment in TexPool	7948700001	Variable	Daily	\$ 2,095,728
Frontier Bank - CD	4058411	5.00%	6/16/2024	235,000
Veritex Community Bank - CD	1001100441	5.34%	7/15/2024	<u>235,000</u>
Totals				<u>2,565,728</u>
Debt Service Fund:				
Investment in TexPool	7948700004	Variable	Daily	61,973
Investment in TexPool	7948700002	Variable	Daily	702
Frontier Bank - CD	12865	5.00%	7/21/2024	<u>100,000</u>
Totals				<u>162,675</u>
Total - all funds				<u><u>\$ 2,728,403</u></u>

Johnson Ranch Municipal Utility District

TSI-4 Analysis of Taxes Levied and Receivable Year Ended August 31, 2023

	Maintenance Taxes	Debt Service Taxes
Taxes receivable, August 31, 2022	\$ 1,014	\$ 1,099
2022 tax roll	1,237,665	1,165,210
Adjustments	(26,077)	(25,043)
Total to be accounted for	<u>1,212,602</u>	<u>1,141,266</u>
Tax collections:		
Current year	1,207,051	1,136,389
Prior years	(1,086)	(1,546)
Total collections	<u>1,205,965</u>	<u>1,134,843</u>
Taxes receivable, August 31, 2023	<u>\$ 6,637</u>	<u>\$ 6,423</u>
Taxes receivable, by years:		
2022	\$ 5,564	\$ 5,238
2021	440	642
2020	-	-
2019	32	21
2018	601	522
Taxes receivable, August 31, 2023	<u>\$ 6,637</u>	<u>\$ 6,423</u>

	2022	2021	2020	2019
Property valuations-				
Land improvements and personal property	\$ 300,294,445	\$ 227,178,371	\$ 197,926,997	\$ 173,581,803
Tax rates per \$100 valuation:				
Maintenance tax rates	\$ 0.4168	\$ 0.3418	\$ 0.3500	\$ 0.5113
Debt service tax rates	0.3924	0.4982	0.5000	0.3387
Total tax rates per \$100 valuation	<u>\$ 0.8092</u>	<u>\$ 0.8400</u>	<u>\$ 0.8500</u>	<u>\$ 0.8500</u>
Original tax levy	<u>\$ 2,402,875</u>	<u>\$ 1,910,263</u>	<u>\$ 1,673,818</u>	<u>\$ 1,504,537</u>
Percent of taxes collected to taxes levied	<u>99.6%</u>	<u>99.9%</u>	<u>100.0%</u>	<u>99.9%</u>
Maximum tax rate approved by voters			<u>\$ 1.50</u>	<u>5/8/2010</u>

Johnson Ranch Municipal Utility District

TSI-5 Long-Term Debt Service Requirements by Years August 31, 2023

Due During Fiscal Years Ending 8/31	Unlimited Tax Bonds Series 2017			Unlimited Tax Bonds Series 2020			Annual Requirements for All Series		
	Principal Due 8/1	Interest Due 2/1, 8/1	Total	Principal Due 8/1	Interest Due 2/1, 8/1	Total	Principal Due	Interest Due	Total
2024	\$ 435,000	\$ 149,500	\$ 584,500	\$ 405,000	\$ 138,996	\$ 543,996	\$ 840,000	\$ 288,496	\$ 1,128,496
2025	450,000	136,494	586,494	415,000	129,154	544,154	865,000	265,648	1,130,648
2026	465,000	123,038	588,038	430,000	119,070	549,070	895,000	242,108	1,137,108
2027	475,000	109,135	584,135	440,000	108,621	548,621	915,000	217,756	1,132,756
2028	490,000	94,932	584,932	455,000	97,929	552,929	945,000	192,861	1,137,861
2029	505,000	80,282	585,282	465,000	86,872	551,872	970,000	167,154	1,137,154
2030	520,000	65,182	585,182	480,000	75,573	555,573	1,000,000	140,755	1,140,755
2031	535,000	49,634	584,634	495,000	63,909	558,909	1,030,000	113,543	1,143,543
2032	555,000	33,638	588,638	510,000	51,882	561,882	1,065,000	85,520	1,150,520
2033	570,000	17,043	587,043	525,000	39,488	564,488	1,095,000	56,531	1,151,531
2034	-	-	-	540,000	26,730	566,730	540,000	26,730	566,730
2035	-	-	-	560,000	13,608	573,608	560,000	13,608	573,608
	<u>\$ 5,000,000</u>	<u>\$ 858,878</u>	<u>\$ 5,858,878</u>	<u>\$ 5,720,000</u>	<u>\$ 951,832</u>	<u>\$ 6,671,832</u>	<u>\$ 10,720,000</u>	<u>\$ 1,810,710</u>	<u>\$ 12,530,710</u>

Johnson Ranch Municipal Utility District

TSI-6 Analysis of Changes in Long-Term Bonded Debt August 31, 2023

	Series 2017	Series 2020	Totals
Interest rate	2.99%	2.43%	
Dates interest payable	2/1; 8/1	2/1; 8/1	
Maturity dates	8/1/2033	8/1/2035	
Bonds outstanding, beginning of year	\$ 5,425,000	\$ 6,110,000	\$ 11,535,000
Bonds issued during current year	-	-	-
Bonds retired during current year	(425,000)	(390,000)	(815,000)
Bonds outstanding, end of year	<u>\$ 5,000,000</u>	<u>\$ 5,720,000</u>	<u>\$ 10,720,000</u>
Interest paid during current year	<u>\$ 162,139</u>	<u>\$ 148,473</u>	<u>\$ 310,612</u>
Paying agent's name & address:	TIB The Independent BankersBank	BOKF, NA dba Bank of Texas	
	<u>Farmers Branch, TX</u>	<u>Dallas, TX</u>	
Bond authority:	<u>Tax Bonds*</u>	<u>Road Bonds*</u>	<u>Refunding Bonds</u>
Amount authorized	\$ 61,408,587	\$ 10,172,314	\$ 71,580,901
Amount issued	(14,000,000)	-	-
Remaining to be issued	<u>\$ 47,408,587</u>	<u>\$ 10,172,314</u>	<u>\$ 71,580,901</u>

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and temporary investments balances
as of August 31, 2023 \$ 162,675

Average annual debt service payments (principal & interest)
for remaining term of debt \$ 1,044,226

Johnson Ranch Municipal Utility District

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years August 31, 2023

	Amounts					Percent of Fund Total Revenues				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
General Fund										
Revenues:										
Property tax, including penalties and interest	\$ 1,210,203	\$ 767,124	\$ 682,726	\$ 905,883	\$ 654,253	92.9%	90.6%	98.6%	96.2%	97.6%
Drainage fees	-	70,000	-	-	-	-	8.3%	-	-	-
Interest	91,139	8,408	5,145	10,907	14,872	7.0%	1.0%	0.7%	1.1%	2.2%
Other	907	1,150	4,468	25,249	999	0.1%	0.1%	0.7%	2.7%	0.2%
Total revenues	1,302,249	846,682	692,339	942,039	670,124	100.0%	100.0%	100.0%	100.0%	100.0%
Expenditures and other financing uses:										
Legal fees	140,626	96,040	86,898	113,863	115,225	10.8%	11.3%	12.6%	12.1%	17.2%
Water reservation fees	170,321	120,314	113,748	129,238	134,285	13.1%	14.2%	16.4%	13.7%	20.0%
Engineering fees	73,588	54,586	38,038	61,568	37,052	5.7%	6.4%	5.5%	6.5%	5.5%
Wastewater treatment plant lease	-	29,000	161,150	150,700	68,400	-	3.4%	23.3%	16.0%	10.2%
Repairs and maintenance	22,568	9,193	9,193	11,993	7,013	1.7%	1.1%	1.3%	1.3%	1.0%
Inspection fees	-	-	-	-	4,350	-	-	-	-	0.6%
Tax appraisal/collection fees	23,848	19,396	16,509	14,911	12,579	1.8%	2.3%	2.4%	1.6%	1.9%
Utilities	43,053	38,843	37,488	34,356	34,532	3.3%	4.6%	5.4%	3.6%	5.2%
Bookkeeping fees	50,382	40,193	43,286	38,823	38,018	3.9%	4.7%	6.3%	4.1%	5.7%
Insurance	17,792	17,383	16,224	12,217	8,631	1.4%	2.1%	2.3%	1.3%	1.3%
Director fees, including payroll taxes	8,397	10,334	9,204	9,527	8,720	0.6%	1.2%	1.3%	1.0%	1.3%
Audit fees	14,000	13,500	13,000	12,500	12,000	1.1%	1.6%	1.9%	1.3%	1.8%
Financial advisor fees	2,500	2,500	2,500	2,500	2,500	0.2%	0.3%	0.4%	0.3%	0.4%
Other	14,431	11,986	10,212	13,988	6,308	1.1%	1.4%	1.5%	1.5%	0.9%
Transfer out	-	5,220	-	9,367	-	-	0.6%	-	-	-
Total expenditures and other financing uses	581,506	468,488	557,450	615,551	489,613	44.7%	55.2%	80.6%	65.3%	73.0%
Excess of revenues over expenditures and other financing uses	\$ 720,743	\$ 378,194	\$ 134,889	\$ 326,488	\$ 180,511	55.3%	44.8%	19.4%	34.7%	27.0%

(continued)

Johnson Ranch Municipal Utility District

TSI-7 Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Years (continued) August 31, 2023

	Amounts					Percent of Fund Total Revenues				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Debt Service Fund										
Revenues and other financing sources:										
Property taxes, including penalties and interest	\$ 1,138,831	\$ 1,117,496	\$ 969,174	\$ 596,710	\$ 563,704	96.8%	99.6%	99.9%	63.2%	97.6%
Issuance of bonds	-	-	-	340,200	-	-	-	-	36.1%	-
Interest	37,652	4,757	696	6,923	13,868	3.2%	0.4%	0.1%	0.7%	2.4%
Other	5	4	-	16	14	-	-	-	-	-
Total revenues and other financing sources	<u>1,176,488</u>	<u>1,122,257</u>	<u>969,870</u>	<u>943,849</u>	<u>577,586</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Expenditures:										
Principal	815,000	790,000	640,000	660,000	375,000	69.3%	70.4%	66.0%	69.8%	64.9%
Interest	310,612	332,140	349,966	222,185	209,300	26.4%	29.6%	36.1%	23.5%	36.2%
Other	300	300	300	150	-	0.1%	0.1%	0.1%	0.1%	-
Total expenditures	<u>1,125,912</u>	<u>1,122,440</u>	<u>990,266</u>	<u>882,335</u>	<u>584,300</u>	<u>95.8%</u>	<u>100.1%</u>	<u>102.2%</u>	<u>93.4%</u>	<u>101.1%</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ 50,576</u>	<u>\$ (183)</u>	<u>\$ (20,396)</u>	<u>\$ 61,514</u>	<u>\$ (6,714)</u>	<u>4.2%</u>	<u>-0.1%</u>	<u>-2.2%</u>	<u>6.6%</u>	<u>-1.1%</u>
Total active retail water connections	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>					
Total active retail wastewater connections	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>					

(1) Water and wastewater service is provided to District customers by the Guadalupe-Blanco River Authority ("GBRA").
The District has entered into a contract with the GBRA for operation and maintenance of the District's water and wastewater system.

Johnson Ranch Municipal Utility District

TSI-8 Board Members, Key Personnel and Consultants August 31, 2023

Complete District Mailing Address: 601 NW Loop 410, Ste. 100, San Antonio , TX 78216

District Business Telephone Number: (210) 349-6484

Submission date of the most recent District Registration Form: April 12, 2023
(TWC Sections 36.054 and 49.054)

Limit on fees of office that a director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Sections 49.060)

<u>Name and Address</u>	<u>Term of Office Elected or Appointed & Expires or Date Hired</u>	<u>Fees 8/31/23</u>	<u>Expense Reimbursements 8/31/23</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Sheryl Short	(Elected) 5/20-5/24	\$1,650	\$2,243	President
Duane Wilson	(Elected) 5/22-5/26	\$1,350	-	Vice President
Peggy Braaten	(Elected) 5/22-5/26	\$1,650	-	Secretary
Arthur Seago	(Elected) 5/20-5/24	\$1,500	-	Treasurer
Dennis James	(Elected) 5/22-5/26	\$1,650	-	Assistant Secretary/ Assistant Treasurer

Note: No director is disqualified from serving on this board under the Texas Water Code.

(continued)

Johnson Ranch Municipal Utility District

TSI-8 Board Members, Key Personnel and Consultants (continued) August 31, 2023

Name and Address:	Date Hired	Fees and Expense Reimbursements 8/31/23	Title at Year End
<u>Consultants:</u>			
McGinnis Lochridge	2009	\$59,696	Former Attorney
		\$2,370	Bond Related Services
Davidson Troilo Ream & Garza	2023	\$40,372	Attorney
Municipal Accounts & Consulting, L.P.	2017	\$43,202	Bookkeeper
Maxwell Locke & Ritter LLP	2014	\$14,000	Auditor
SAMCO Capital Markets	2008	\$2,500	Financial Advisor
Comal County Tax Assessor-Collector	2013	\$300	Tax Collector
Bleyl Engineering	2018	\$88,122	Engineer
		\$56,909	Bond Related Services

Johnson Ranch Municipal Utility District

OSI-1. Principal Taxpayers August 31, 2023

Taxpayer	Type of Property	Tax Roll Year		
		2023	2022	2021
DHJB Development LLC	Real and Improved	\$ 10,991,510	\$ 5,844,882	\$ 5,783,477
Enterprise FM Trust	Real and Improved	10,770,050	10,806,210	5,815,130
NewLeaf Homes LLC	Real and Improved	8,716,544	5,464,658	-
United Rentals North America, Inc.	Real and Improved	8,073,620	5,159,230	-
Lennar Homes of Texas Sales & Marketing Ltd.	Real and Improved	5,689,340	7,077,110	3,039,510
Highlander Senior Village LP	Real and Improved	5,277,700	3,666,790	3,986,360
Alheli Holdings LLC	Real and Improved	4,572,420	5,361,580	-
DH/JB Partnership LTD	Real and Improved	4,489,630	3,751,400	2,378,380
Gelco Fleet Trust	Real and Improved	3,760,920	6,292,582	3,700,000
Wheels LT	Real and Improved	3,661,500	-	2,759,000
Clyde Johnson & Sons Hereford Ranch Ltd.	Real and Improved	-	5,102,555	5,088,924
Automotive Rentals, Inc.	Real and Improved	-	-	2,578,830
Perry Homes LLC	Real and Improved	-	-	3,033,910
Total		\$ 66,003,234	\$ 58,526,997	\$ 38,163,521
Percent of assessed valuation		18.1%	19.5%	16.8%

Johnson Ranch Municipal Utility District

OSI-2. Assessed Value by Classification August 31, 2023

Type of Property	Tax Roll Year					
	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 408,857,331	112.1%	\$327,161,006	108.9%	\$ 238,069,897	104.7%
Residential Inventory	9,826,280	2.7%	12,374,860	4.1%	11,386,020	5.0%
Acreage (Ag)	4,118,812	1.1%	10,744,427	3.6%	8,230,004	3.6%
Vacant Lots	6,494,408	1.8%	5,639,269	1.9%	5,509,370	2.4%
Farm & Ranch Improvements	13,929,428	3.8%	9,729,828	3.2%	5,258,767	2.3%
Multifamily	6,252,170	1.7%	3,666,790	1.2%	3,986,360	1.7%
Totally Exempt Property	6,787,920	1.9%	4,275,112	1.4%	3,422,560	1.5%
Commercial Personal	242,270	0.1%	375,438	0.1%	422,133	0.2%
Utilities	362,980	0.1%	270,050	0.1%	176,850	0.1%
Commercial Real	4,632,790	1.3%	5,420,170	1.8%	62,420	0.1%
Acreage (Non-Ag)	71,080	0.1%	73,190	0.1%	57,050	0.1%
Less: Adjustments	<u>(96,901,458)</u>	<u>-26.7%</u>	<u>(79,435,695)</u>	<u>-26.4%</u>	<u>(49,403,060)</u>	<u>-21.7%</u>
Total	<u>\$ 364,674,011</u>	<u>100.0%</u>	<u>\$300,294,445</u>	<u>100.0%</u>	<u>\$ 227,178,371</u>	<u>100.0%</u>

APPENDIX B
Form of Legal Opinion of Bond Counsel

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_____, 2024

We have acted as Bond Counsel for Johnson Ranch Municipal Utility District (the “District”) in connection with the issuance of the Johnson Ranch Municipal Utility District Unlimited Tax Utility System Bonds, Series 2024 (the “Bonds”), dated April 9, 2024, in the aggregate principal amount of \$[_____]. The Bonds are issuable in fully registered form only, in denominations of \$5,000 or integral multiples thereof, bear interest, and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Board of Directors of the District (the “Board”) on March 12, 2024 (the “Order”) authorizing their issuance. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

In such connection, we have reviewed the Order, the Tax Certificate of the District dated the date hereof (the “Tax Certificate”), certificates of the District and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have also examined executed Bond No. R-1 of this issue.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against entities such as the District in the State of Texas. We express no opinion with respect to any

[_____], 2024

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indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or to have the effect of a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the District, and the Bonds have been authorized and delivered in accordance with law.

2. The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, upon taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

Financial Advisory Services
Provided By:

