

OFFICIAL STATEMENT DATED APRIL 10, 2024

In the opinion of Bond Counsel, under existing law, assuming continuing compliance by the District (defined herein) after the date of initial delivery of the Bonds described below (the "Bonds") with certain covenants contained in the Bond Order (defined below) authorizing the Bonds and subject to the matters set forth under "TAX MATTERS" herein, interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the "Code"), and (2) will not be an item of tax preference for purposes of the alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" herein.

The District has NOT designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE – BOOK-ENTRY-ONLY

Ratings:
S&P: "AA"/BAM Insured
Moody's: "Baa3"/Underlying
(see "SALE AND DISTRIBUTION OF
THE BONDS – Municipal Bond Rating"
and "BOND INSURANCE" herein)

\$6,825,000
ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
(A political subdivision of the State of Texas located within Williamson County)

UNLIMITED TAX UTILITY BONDS, SERIES 2024

Dated: April 15, 2024

Due: September 1, as shown below

The \$6,825,000 Unlimited Tax Utility Bonds, Series 2024 (the "Bonds") are obligations solely of Round Rock Municipal Utility District No. 1 (the "District") and are not obligations of the State of Texas, Williamson County, Texas, the City of Round Rock, Texas, or any entity other than the District.

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

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrars, initially, BOKF, NA, in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from April 15, 2024 (the "Dated Date") and will be payable on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds is payable on each March 1 and September 1, commencing September 1, 2024, until maturity or prior redemption. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

CUSIP Prefix: 77924N ^(a)

Principal Amount	Maturity (Sept. 1)	Interest Rate	Initial Yield ^(c)	CUSIP Suffix ^(a)	Principal Amount	Maturity (Sept. 1)	Interest Rate	Initial Yield ^(c)	CUSIP Suffix ^(a)
\$ 160,000	2026	5.000%	3.400%	CA6	\$ 305,000	2038 ^(b)	3.750%	3.950%	CN8
170,000	2027	5.000%	3.350%	CB4	315,000	2039 ^(b)	3.875%	4.000%	CP3
185,000	2028	5.000%	3.300%	CC2	330,000	2040 ^(b)	4.000%	4.110%	CQ1
200,000	2029	5.000%	3.300%	CD0	340,000	2041 ^(b)	4.000%	4.170%	CR9
215,000	2030	4.000%	3.350%	CE8	350,000	2042 ^(b)	4.000%	4.210%	CS7
235,000	2031	4.000%	3.400%	CF5	365,000	2043 ^(b)	4.000%	4.250%	CT5
250,000	2032	4.000%	3.450%	CG3	375,000	2044 ^(b)	4.000%	4.290%	CU2
265,000	2033	4.000%	3.500%	CH1	385,000	2045 ^(b)	4.125%	4.320%	CV0
265,000	2034 ^(b)	4.000%	3.550%	CJ7	405,000	2046 ^(b)	4.125%	4.350%	CW8
280,000	2035 ^(b)	4.000%	3.600%	CK4	415,000	2047 ^(b)	4.125%	4.380%	CX6
285,000	2036 ^(b)	4.000%	3.700%	CL2	430,000	2048 ^(b)	4.000%	4.400%	CY4
300,000	2037 ^(b)	4.000%	3.800%	CM0					

(a) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
(b) Bonds maturing on and after September 1, 2034, are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time in part, on September 1, 2033, or on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
(c) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first optional redemption date. Accrued interest is to be added to the price.

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



The Bonds are offered by the winning bidder for the Bonds (the “Initial Purchaser”) subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Winstead PC, Dallas, Texas, Bond Counsel. Certain legal matters will be reviewed by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, as Disclosure Counsel to the District. See “LEGAL MATTERS.” Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about May 9, 2024.

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APPENDIX B – General Fund and Operating Budget of the District for the year ending September 30, 2024

APPENDIX C - Form of Bond Counsel’s Opinion

APPENDIX D – Specimen Municipal Bond Insurance Policy

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Winstead PC, 401 Congress Avenue, Suite 2100, Austin, Texas, 78701.

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

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

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 final official statement for any purpose.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") paying the interest rates shown on the cover page hereof, at a price of 97.001561% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 4.242100%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of

utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM.

The Bonds are also rated "Baa3" by Moody's without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price or marketability of the Bonds.

(Continues on following page.)

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

<i>Description...</i>	The District was created by the acts of the 86 th Texas Legislature in 2019 (House Bill 4689), now codified as Chapter 8094, Texas Special District Local Laws Code. The District has the powers and duties provided by the general laws of the State of Texas, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution. The District also has the authority granted under Section 52, Article III, Texas Constitution.
<i>Location...</i>	The District encompasses approximately 356 acres and is located west of Texas State Highway 130, south of University Boulevard, east of County Road 110 and north of Limmer Loop entirely within the corporate boundaries of the City of Round Rock (the “City”) in southern Williamson County. The District is approximately 8 miles northeast of downtown Round Rock and approximately 30 miles from the central downtown business district of the City of Austin. The District is located within the Hutto Independent School District.
<i>The Developer...</i>	KB Home Lone Star, Inc. (the “Developer”), a Texas corporation, is the primary developer of land within the District. The Developer a subsidiary of and controlled by KB Home. KB Home is a publicly traded corporation whose stock is listed on the New York Stock Exchange.
<i>Status of Development...</i>	<p>The District is currently being developed as Salerno by the Developer (a single-family development). Completed development currently consists of approximately 63.411 acres of Salerno Phase 1 (173 single-family residential lots), approximately 18.758 acres of Salerno Phase 2 (91 single-family residential lots), approximately 19.506 acres of Salerno Phase 3 (49 single-family residential lots), approximately 24.184 acres of Salerno Phase 4 (34 single-family residential lots), approximately 31.405 acres of Salerno Phase 5 (95 single-family residential lots), approximately 10.835 acres of Salerno Phase 6 (45 single-family residential lots), approximately 25.044 acres of Salerno Phase 7 (68 single-family residential lots), approximately 16.117 acres of Salerno Phase 8 (63 single-family residential lots), approximately 20.643 acres of Salerno Phase 9 (99 single-family residential lots), approximately 22.530 acres of Salerno Phase 10 (112 single-family residential lots), approximately 18.260 acres of Salerno Phase 11 (79 single-family residential lots), approximately 10.805 acres of Salerno Phase 14 (31 single-family residential lots), approximately 10.935 acres of Salerno Phase 15 (32 single-family residential lots), and approximately 11.483 acres of Salerno Phase 16 (33 single-family residential lots).</p> <p>Phases 12, 13 and 17 are under various stages of engineering, planning and design. Preliminary planning numbers for these proposed phases are currently approximately 44.601 acres with 182 single-family lots and approximately 7.851 acres of non-residential land.</p> <p>Offsite water and wastewater improvements to serve the District have also been completed.</p> <p>Amenities currently within the District include an amenity center, a community pool and playgrounds.</p> <p>No acreage has been dedicated to Hutto Independent School District and there are no schools currently planned to be located within the District.</p> <p>See “THE DISTRICT—Land Use—and—Status of Development.”</p>

Homebuilders...

Homebuilding in the District is currently being conducted by the Developer, a homebuilder subsidiary of KB Home. As of February 29, 2024, the Developer had completed 451 homes (including 10 model homes) and had 84 homes under construction in Salerno Phases 1, 2, 3, 4, 5, 6, 7, 8, 11, 14 and 15.

New homes floor plans range from 1,360 sq. ft. to 2,897 sq. ft., and new home starting prices range from \$318,995 to \$411,995 according to KB Home.

As of February 29, 2024, there were no other homebuilders active within the District.

(Continues on following page.)

THE BONDS

<i>Description...</i>	<p>\$6,825,000 Unlimited Tax Utility Bonds, Series 2024 (the “Bonds”) are being issued as fully registered bonds pursuant to an order (the “Bond Order”) authorizing the issuance of the Bonds adopted on the date of the sale of the Bonds by the District’s Board of Directors (the “Board”). The Bonds are scheduled to mature on the dates and in the principal amounts and pay interest at the rates shown on the cover page hereof. The Bonds will be issued in book-entry form only in principal denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from April 15, 2024 and is payable on September 1, 2024, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. See “THE BONDS” and “BOOK-ENTRY-ONLY SYSTEM.”</p>
<i>Redemption...</i>	<p>Bonds maturing on and after September 1, 2034 are subject to redemption in whole or from time to time in part, at the option of the District, prior to their maturity dates on September 1, 2033, and on any date thereafter at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”</p>
<i>Use of Proceeds...</i>	<p>Proceeds from the sale of the Bonds will be used to reimburse the Developer for the payment of water impact fees to the Jonah Water Special Utility District and for the payment of wastewater impact fees to the City of Round Rock. Bond proceeds will also be used to fund 12 months of capitalized interest at the net effective interest rate and to pay certain costs related to the issuance of the Bonds. See “THE BONDS – ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS.”</p>
<i>Authority for Issuance...</i>	<p>The Bonds are issued pursuant to the Bond Order to be adopted on April 10, 2024 by the Board, the Texas Constitution and the general laws of the State of Texas, an election held within the boundaries of the District, and an order from the Texas Commission on Environmental Quality (the “TCEQ”), dated January 26, 2024, approving the issuance of the Bonds. See "THE BONDS—Authority for Issuance." At elections held within the District on May 7, 2022, voters authorized a total of \$80,000,000 of unlimited tax bonds, consisting of \$38,500,000 for road purposes (the “Road Bonds”) and \$41,500,000 for water, sewer, and drainage purposes (the “Utility Bonds”). After the issuance of the Bonds, the District will have \$22,565,000 in Road Bonds and \$34,675,000 in Utility Bonds authorized but unissued. Voters in the District have also authorized \$48,125,000 in bonds for the purpose of refunding Road Bonds and \$51,875,000 in bonds for the purpose of refunding Utility Bonds. See "THE BONDS—Issuance of Additional Debt."</p>
<i>Source of Payment...</i>	<p>Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Round Rock, Williamson County, Texas, the State of Texas or any entity other than the District. See “THE BONDS—Source and Security for Payment.”</p>
<i>Outstanding Bonds...</i>	<p>The District has \$15,935,000 unlimited tax road bonds outstanding (the “Outstanding Road Bonds”). The Bonds are the District’s first series of unlimited tax utility bonds.</p>
<i>Not Qualified Tax-Exempt Obligations...</i>	<p>The District has not designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Not Qualified Tax-Exempt Obligations for Financial Institutions.”</p>
<i>Payment Record...</i>	<p>The District has never defaulted in the payment of debt service on its bonds. The District has only made three debt service payments to-date; on March 1, 2023; on September 1, 2023 and on March 1, 2024.</p>
<i>Municipal Bond Rating...</i>	<p>S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), has assigned its municipal bond insured rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM.</p>

The Bonds are also rated “Baa3” by Moody’s Investors Service (“Moody’s”), without regard to credit enhancement (see “SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating.”)

<i>Municipal Bond Insurance...</i>	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by BAM. See “BOND INSURANCE” herein.
<i>Bond Counsel...</i>	Winstead PC, Dallas, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS” and “TAX MATTERS.”
<i>General Counsel...</i>	Winstead PC, Austin, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Disclosure Counsel...</i>	Orrick, Herrington & Sutcliffe LLP, Austin, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Financial Advisor...</i>	Hilltop Securities Inc., Dallas, Texas. See “MANAGEMENT OF THE DISTRICT” and “PREPARATION OF OFFICIAL STATEMENT – Financial Advisor.”
<i>Engineer...</i>	Carlson, Brigance & Doering, Inc., Austin, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Paying Agent/Registrar...</i>	BOKF, N.A., Dallas, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

RISK FACTORS

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

(Continues on following page)

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2023 Certified Net Taxable Assessed Valuation	\$ 123,826,669 ⁽¹⁾
Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	\$ 218,410,000 ⁽²⁾
Combined Direct Debt	
Outstanding Road Bonds	\$ 15,935,000
The Bonds (Utility Bonds)	6,825,000
Total Combined Direct Debt	\$ 22,760,000
Estimated Overlapping Debt	\$ 11,666,187 ⁽³⁾
Total Gross Combined Direct Debt and Estimated Overlapping Debt	\$ 34,426,187
Ratio of Gross Combined Direct Debt to:	
2023 Certified Net Taxable Assessed Valuation	18.38%
Ratio of Gross Combined Direct Debt and Estimated Overlapping Debt to:	
2023 Certified Net Taxable Assessed Valuation	27.80%
Ratio of Gross Combined Direct Debt to:	
Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	10.42%
Ratio of Gross Combined Direct Debt and Estimated Overlapping Debt to:	
Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	15.76%
Average Combined Annual Debt Service Requirement (2025-2048)	\$ 1,569,373
Maximum Combined Annual Debt Service Requirement (2048)	\$ 1,609,925
Tax Rate Required to Pay Average Combined Annual Debt Service (2025-2048) at a 98% Collection Rate Based upon 2023 Certified Net Taxable Assessed Valuation	\$ 1.2933
Tax Rate Required to Pay Maximum Combined Annual Debt Service (2048) at a 98% Collection Rate Based upon 2023 Certified Net Taxable Assessed Valuation	\$ 1.3267
Tax Rate Required to Pay Average Combined Annual Debt Service (2025-2048) at a 98% Collection Rate Based upon the Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	\$ 0.7332
Tax Rate Required to Pay Maximum Combined Annual Debt Service (2048) at a 98% Collection Rate Based upon the Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	\$ 0.7522
2023 Tax Rates	(4)
Road Bonds Debt Service	\$ 0.2080
Utility Bonds Debt Service	-
Maintenance and Operations	0.4720
Total	\$ 0.6800
General Fund Balance as of 4/10/2024	\$ 421,861 ⁽⁵⁾
Road Capital Projects Fund Balance as of 4/10/2024	\$ 57,006
Road Bond Debt Service Fund Balance as of 4/10/2024	\$ 1,027,174 ⁽⁶⁾
Utility Bond Debt Service Fund Balance as of 4/10/2024	\$ - ⁽⁶⁾
Status of Estimated Home Construction as of February 29, 2024 ⁽⁷⁾	
Single Family Homes Completed (including 10 Models)	451
Single Family Homes Under Construction	84
Vacant Developed Lots	469
Total	1,004

(1) As certified by the Williamson Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(2) No tax will be levied on this amount in Tax Year 2024. For informational purposes only. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAXING PROCEDURES."

(3) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Estimated Overlapping Debt and Taxes."

(4) See "TAX DATA." The District adopted a \$0.68 tax rate for Tax Year 2023 in September 2023. The tax rate consists of a maintenance and operations tax rate of \$0.4720 and a road bond debt service tax rate of \$0.2080. The District has established a separate Road Bond Debt Service Fund. Taxes deposited to the Road Bond Debt Service Fund cannot be used to pay debt service on the Bonds or other District obligations that are not the Outstanding Road Bonds. The District will establish a Utility Bond Debt Service Fund. Taxes deposited to the Utility Bond Debt Service Fund cannot be used to pay debt service on the Outstanding Road Bond or other District obligations that are not the Bonds or any future utility bonds.

(5) See "RISK FACTORS - Operating Funds."

(6) Any funds in the Road Bond Debt Service fund are pledged only to pay the debt service on the Outstanding Road Bonds and any additional road bonds. Similarly, any funds to be deposited into the Utility Bond Debt Service Fund are pledged only to pay debt service on the Bonds and any future Utility Bonds. Neither Texas law nor the bond orders require the District to maintain any minimum balance in the Road Bond Debt Service Fund or the Utility Bond Debt Service Fund. Upon delivery of the Bonds, the District will deposit 12 months of capitalized interest at the net effective interest rate plus accrued interest from the Dated Date to the Delivery Date in the Utility Bond Debt Service fund.

(7) As reported by the Developer and Engineer. See "THE DISTRICT - Land Use."

OFFICIAL STATEMENT

\$6,825,000

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1

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

UNLIMITED TAX UTILITY BONDS SERIES 2024

This Official Statement provides certain information in connection with the issuance by Round Rock Municipal Utility District No. 1 (the “District”) of its \$6,825,000 Unlimited Tax Utility Bonds, Series 2024 (the “Bonds”).

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas including Chapters 49 and 54, Texas Water Code, as amended, Chapter 8094, Texas Special Districts Local Laws Code, Section 59, Article XVI, Texas Constitution, an order authorizing the issuance of the Bonds (the “Bond Order”) adopted on the date of the sale of the Bonds by the Board of Directors of the District (the “Board”), an election held within the District on May 7, 2022, and an order from the Texas Commission on Environmental Quality (the “TCEQ”), dated January 26, 2024, approving the issuance of the Bonds.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developer, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Winstead PC, General Counsel, 401 Congress Avenue, Suite 2100, Austin, Texas, 78701.

RISK FACTORS

General

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of undeveloped land and of developed lots which are currently being marketed by KB Home for sale to future homeowners for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Austin

and the nation could adversely affect development and home-building plans in the District and restrain the growth of or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 30 miles from downtown Austin, Texas, could be affected by competition from other residential developments including other residential developments located in the vicinity of the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Austin, Texas. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Development and Home Construction in the District

As of February 29, 2024, 469 developed lots within the District remained vacant, 84 homes were under construction and 451 homes had been completed including 10 homes serving as models. Failure of builders to construct taxable improvements on developed lots could result in increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and the contractual obligations of the District. Future increases in value will result primarily from the construction and sale of homes by builders. See "THE DEVELOPER—Homebuilders."

Dependence on Significant Taxpayers

As of Tax Year 2023, Developer was a significant taxpayer within the District. Based on the 2023 tax rolls, the Developer was responsible for approximately 28.15% of the District's 2023 taxes. The Developer is expected to own a smaller portion of the District's taxable assessed value in future years. The ability of any significant taxpayer, such as the Developer, to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, one or more significant taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Road Bond Debt Service Fund and/or Utility Debt Service Fund (defined herein) or any other funds to allow for any such delinquencies. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. Therefore, failure by one or more significant taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. In addition, for so long as the District's tax base continues to be concentrated in a relatively small number of taxpayers, the willingness and ability of such taxpayers to pay maintenance taxes and to make future operating advances may affect the flow of funds into the District's General Fund.

Undeveloped Acreage/Vacant Lots

There are approximately 44.601 gross acres of land remaining within the District (not including the 303.916 gross acres that is either already developed or currently being developed by the Developer for construction of 1,004 single-family residential lots) that have not been fully provided with water, wastewater and storm drainage facilities and roads. The District makes no representation as to when or if development of undeveloped acreage will occur. As of February 29, 2024, there were 225 vacant developed lots. See "THE DISTRICT—Land Use."

Overlapping Debt and Taxes

The District cannot predict and has no control over future debt and tax plans of the overlapping jurisdictions. – See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Estimated Overlapping Debt and Taxes." There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Williamson and Travis Counties area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. After issuance of the Bonds, the average combined annual combined debt service requirement is \$1,569,373 (2025 through 2048) and the maximum annual

combined debt service requirement is \$1,609,925 (2048). The 2023 certified taxable assessed valuation of the District is \$123,826,669. Assuming no increase or decrease from the 2023 assessed valuation and no use of funds other than tax collections, a tax rate of \$1.2933 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the average combined annual debt service requirement and a tax rate of \$1.3267 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the maximum combined annual debt service requirement (see "DEBT AND FINANCIAL INFORMATION – Debt Service Requirements"). The District's certified estimate of taxable assessed valuation as of January 31, 2024 is \$218,410,000. Assuming no increase or decrease from the certified estimate of taxable assessed valuation as of January 31, 2024 and no use of funds other than tax collections, a tax rate of \$0.7332 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the average combined annual debt service requirement and a tax rate of \$0.7522 per \$100 assessed valuation at a 98% collection rate would be necessary to pay the maximum combined annual debt service requirement (see "DEBT AND FINANCIAL INFORMATION – Debt Service Requirements"). Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Outstanding Road Bond and the Bonds based upon the 2023 certified taxable assessed valuation and the certified estimate of taxable assessed valuation as of January 31, 2024, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event significant taxpayers do not timely pay their District taxes. Any increase in taxable values depends on the continuing construction and sale of homes and other taxable improvements within the District. See "TAXING PROCEDURES" and "TAX DATA – Tax Adequacy for Debt Service."

Landowners/Developer/Homebuilders Under No Obligation to the District

There are no commitments from or obligations of the Developer or homebuilders within the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer and the other landowners for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer will be or what effect, if any, such condition may have on their ability to pay taxes. See "THE DEVELOPER."

Operating Funds

The District's only source of operating revenue is maintenance tax revenue. The District does not collect water and wastewater revenues from its residents. The District adopted a 2023 maintenance tax rate of \$0.4720 per \$100 of taxable assessed valuation. The District's general fund balance as of April 10, 2024 was \$421,861. The revenue produced from a \$0.4720 maintenance tax in 2023 or a reduced maintenance tax rate in subsequent years may not be sufficient to offset the operating expenses of the District. Continued maintenance of positive general fund balance may depend upon continued development and increased amounts of maintenance tax revenue. The District is no longer reliant on developer advances. If funds from these sources are not forthcoming, the District would have to increase its maintenance tax rate.

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies and Bankruptcy Limitations

The Bond Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due or the District defaults in the observation or performance of any

other covenants, conditions, or obligations set forth in the Bond Order, the registered owners may seek a writ of mandamus to compel the District or District officials to carry out the legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Registered Owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. Statutory language authorizing local governments such as the District to sue or be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy code ("Chapter 9"). Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Registered Owners of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. The District may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes, bond anticipation notes, unlimited tax utility bonds and unlimited tax road bonds, and to borrow for any valid corporate purpose. Pursuant to an election held on May 7, 2022, the District electors authorized a total of \$41,500,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities ("Utility Bonds"), and \$38,500,000 principal amount of unlimited tax bonds for roads ("Road Bonds"). The District is also authorized to issue unlimited tax refunding bonds in an amount equal to \$51,875,000 for the purpose of refunding Utility Bonds and \$48,125,000 for the purpose of refunding Road Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance the Bonds, the District will have \$34,675,000 unlimited tax bonds for water, sewer and storm drainage facilities authorized but unissued and \$22,565,000 of unlimited tax bonds for road facilities authorized but unissued. The District believes that such remaining authorization of unlimited tax bonds for water, wastewater, storm drainage, and roads purposes will be sufficient to finance improvements for the remainder of the District. There is a cap of \$48,000,000 from the City for the total amount of bonds issued by the District. See "THE DISTRICT—FUTURE DEVELOPMENT" and "THE BONDS—Issuance of Additional Debt." In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. See "THE BONDS—Authority for Issuance." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

Pursuant to developer financing agreements, prior to the issuance of the Bonds, the District owed the Developer approximately \$34,275,000 plus interest for engineering and construction of water, wastewater and storm drainage facilities and roads and related improvements. After the issuance of the Bonds the remaining balance owed to the Developer by the District will be approximately \$29,350,000. The District expects to issue additional bonds to reimburse the Developer and to finance water, wastewater, storm drainage facilities, and roads to serve the remaining undeveloped acres within the District when feasible from time-to-time in order to fully develop the District.

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. Except with respect to the issuance of bonds for road purposes, the District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the TCEQ, with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth

of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ. The total amount of bonds and other obligations of the District issued for road purposes may not exceed one-fourth of the assessed valuation of the real property in the District. The issuance of additional bonds for the purpose of financing water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See “THE BONDS — Authority for Issuance — “and Issuance of Additional Debt.”

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Round Rock; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds. The District lies within the municipal boundaries of the City of Round Rock, Texas, and as such, currently receives fire-fighting services from the City. In addition, the Development Agreement between the Developer and the City and joined by the District designates the City as the sole provider of emergency services to the District property.

The District is located within a county that has the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities. Before the District could issue such bonds, a majority of the voters of the District voting in an election for that purpose must consent to the issue of the bonds. The Development Agreement between the Developer and the City and joined by the District provides for consent by the City to the issuance of bonds for park and recreational facilities.

Environmental Regulations

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

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

Future and Proposed Legislation

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

Marketability of the Bonds

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

Extreme Weather Events

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornados, tropical storms, freeze, 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.

Continuing Compliance with Certain Covenants

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

THE BONDS

General

The 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. The Bond Order will authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and accrue interest from April 15, 2024, with interest payable on September 1, 2024, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. Interest will be payable on the basis of a 360-day year of twelve 30-day months. The Bonds mature on September 1 in each of the years and in the amounts, and pay interest at the rates, shown on the cover page hereof. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas including Chapters 49 and 54, Texas Water Code, as amended, Chapter 8094, Texas Special Districts Local Laws Code, Section 59, Article XVI, Texas Constitution, an order authorizing the issuance of the Bonds (the "Bond Order"), adopted on the date of the sale of the Bonds by the Board of Directors of the District (the "Board"), an election held within the District on May 7, 2022, and an order from the Texas Commission on Environmental Quality (the "TCEQ"), dated January 26, 2024, approving the issuance of the Bonds.

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

Source and Security for Payment

The Bonds and any additional unlimited tax utility bonds issued in the future, will be payable from and secured by a pledge of the proceeds of an annual utility ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. The District has also levied a separate annual road ad valorem tax, without legal limitation as to rate or amount, upon all taxable property located within the District for the payment of unlimited tax road bonds. Taxes collected and deposited to the utility bond debt service fund cannot be used to pay debt service on unlimited tax road bonds. Likewise, taxes collected and deposited to the road bond debt service fund cannot be used to pay debt service on the Bonds or any future utility bonds. See "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective

purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See “RISK FACTORS.” The Bonds are obligations of the District and are not obligations of the City of Round Rock, Williamson County, Texas, the State of Texas or any entity other than the District.

Outstanding Bonds

The District has \$15,935,000 unlimited tax road bonds outstanding (the “Outstanding Road Bonds”). The Bonds are the District’s first series of unlimited tax utility bonds.

Funds

The Bond Order creates a Series 2024 Utility Capital Projects Fund (the “Construction Fund”) and the Utility Bond Debt Service Fund securing the Bonds (the “Utility Bond Debt Service Fund”). Accrued interest on the Bonds plus 12 months of interest calculated at the Bonds’ net effective interest rate will be deposited from the proceeds from the sale of the Bonds into the Utility Bond Debt Service Fund. All remaining proceeds of the Bonds will be deposited in the Construction Fund or used to pay costs of issuance. The Utility Bond Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds 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. Amounts on deposit in the Utility Bond Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar (as herein defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds. The District currently has a separate road bond debt service fund (the “Road Bond Debt Service Fund”) for the payment of debt service on unlimited tax road bonds. See “THE BONDS – Source and Security for Payment.”

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2034, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2033, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District, provided that if fewer than all the Bonds within a particular maturity are redeemed at any time, the particular Bonds within each such maturity to be redeemed shall be selected by the Paying Agent/Registrar from the Bonds which have not previously been called for redemption, by lot or other customary method of random selection. However, if during any period in which ownership of the Bonds is determined only by a book entry at a securities depository, if fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected in accordance with arrangements between the District and the securities depository. See “BOOK-ENTRY-ONLY SYSTEM.”

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bond or portions thereof so redeemed shall no longer be regarded as outstanding except for purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed BOKF, NA, having a designated payment office in Dallas, Texas, as the initial paying agent/registrar for the Bonds (the “Paying Agent/Registrar,”). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.” Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such payment date.

Registration and Transfer

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Registered Owners’ income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”

So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the bond register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be either a duly qualified and competent bank or trust company organized under the laws of the State of Texas.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) authorizes bonds of the District (including the Bonds) to be eligible as collateral for public funds.

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

Issuance of Additional Debt

The District expects to issue additional bonds to finance road and water, wastewater and storm drainage facilities as soon as feasible and from time-to-time in order to fully reimburse the Developer for advances made by the Developer to construct roads and water, wastewater, and storm drainage facilities. The District's voters have authorized the issuance of a total of \$41,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities, and \$38,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to \$51,875,000 for the purpose of refunding Utility Bonds and \$48,125,000 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have \$34,675,000 unlimited tax bonds authorized but unissued for water, wastewater and storm drainage facilities and \$22,565,000 of unlimited tax bonds authorized but unissued for road purposes. There is a cap of \$48,000,000 from the City for the total amount of bonds issued by the District. See “THE DISTRICT—FUTURE DEVELOPMENT” and “RISK FACTORS—Future Debt.”

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. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality (“TCEQ”), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District's proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

The District also is authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of

a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Round Rock; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds. The District lies within the municipal boundaries of the City of Round Rock, Texas, and as such, currently receives fire-fighting services from the City. In addition, the Development Agreement between the Developer and the City and joined by the District designates the City as the sole provider of emergency services to the District property.

The District is located within a county that has the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities. Before the District could issue such bonds, a majority of the voters of the District voting in an election for that purpose must consent to the issue of the bonds. The Development Agreement between the Developer and the City and joined by the District provides for consent by the City to the issuance of bonds for park and recreational facilities.

Remedies in Event of Default

Texas law and the Bond Order provide that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Order or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Order, any registered owner (“Registered Owner(s)”) shall be entitled at any time to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation or condition prescribed by the Bond Order. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

If the District defaults in the payment of principal, interest, or the redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, obligations or conditions prescribed in the Bond Order, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and 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. Except for a mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. 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 principles of equity. Further, certain traditional legal remedies also may not be available. See “RISK FACTORS—Registered Owners’ Remedies and Bankruptcy Limitations.”

Defeasance

The Bond Order provides for the defeasance of the Bonds when the payment of the principal of the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent/Registrar for the Bonds. The Bond Order provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds. 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 of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Agreements with the City of Round Rock

The City and the District are currently parties to a Strategic Partnership agreement approved by the District effective September 12, 2019 (the “Strategic Partnership Agreement”). The Strategic Partnership agreement provided for the full purpose annexation of the District into the corporate boundaries of the City effective June 27, 2019. The full-purpose annexation occurred on such full-purpose annexation date; accordingly, the District is located entirely within the corporate limits of the City of Round Rock (the “City”). Owners of property in the District are subject to both taxes levied by the City in addition to those levied on taxable property within the District. Under the terms of the Strategic Partnership Agreement, the District is responsible for the construction of water, wastewater, roadway and drainage facilities (the “District Facilities”) to serve the District. Upon completion of District Facilities, the District will notify the City and the City will inspect the District Facilities. All wastewater, road and drainage facilities (to include pipes, culverts, and other improvements within the public right-of-way) will be conveyed to and maintained by the City. However, all drainage ponds will be conveyed to the homeowners association. All internal water lines constructed by the District will be dedicated to and maintained by Jonah Water Special Utility District (“Jonah”) pursuant to a separate agreement between Jonah and the District. The term of the Strategic Partnership will continue until the District is dissolved in accordance with the Development Agreement, described below.

The Developer has entered into a Consent and Development Agreement with the City effective as of June 27, 2019, and joined by the District on August 1, 2019 (the “Development Agreement”). The Development Agreement provides for the City to be the wastewater utility provider and Jonah Water Special Utility District to be the water utility provider for the District. The authority to issue bonds under the Development Agreement is limited to the power to provide for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; the design, acquisition, construction of road projects and the development and maintenance of park and recreational facilities as otherwise permitted by law. The Development Agreement also provides for the refunding of outstanding bonds and payment of costs and expenses authorized under Sec. 49.155 of the Water Code.

The power of the City to dissolve the District is restricted by the Development Agreement. The City may dissolve the District at any time after the District has issued bonds to finance reimbursable costs paid or incurred to construct the District improvements that are required to serve full development of the Property. If the District is dissolved, the City must assume the assets, functions, and obligations of the District (including the Bonds and any other bonds that may be issued by the District). No representation is made concerning the likelihood of dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

Consolidation

The District has the legal authority to consolidate with other districts and in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. No representation is made concerning whether the District will consolidate with any other district, and the District currently has no plans to do so.

BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$500.0 million, \$230.7 million and \$269.3 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

BOND INSURANCE RISKS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bond shall have a claim under 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 absent such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. In the event the bond 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 moneys raised pursuant to the applicable bond documents. In the event the bond 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 of the Bonds or the marketability (liquidity) for the Bonds.

In the event bond insurance is purchased, the long-term rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims paying ability. The bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Rating and Bond Insurance."

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by 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 District and the Financial Advisor (defined herein) believe the source of such information to be reliable, but neither of the District nor the Financial Advisor take any responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct Participants (defined herein), (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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

ESTIMATED USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to pay the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds, capitalized interest, and accrued interest due to the Developer. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, as approved by the TCEQ.

CONSTRUCTION COSTS	<u>District's Share</u>
A. Developer Contribution Items	
None	
B. District Items	
1. Water Impact Fees	\$ 4,130,000 ⁽¹⁾
2. Wastewater Impact Fees	795,158 ⁽²⁾
TOTAL CONSTRUCTION COSTS (72.2% of BIR)	<u>\$ 4,925,158</u>
NON-CONSTRUCTION COSTS	
1. Legal and Fiscal Agent Fees	\$ 298,000
2. Capitalized Interest	289,523
3. Developer Interest	889,067
4. Bond Discount	204,643
5. Bond Issuance Expenses	91,887
6. Bond Application Report Costs	51,000
7. Attorney General Fee	6,825
8. TCEQ Bond Issuance Fee	17,063
9. Surplus Funds	51,833
TOTAL NON-CONSTRUCTION COSTS (18.97% of BIR)	<u>\$ 1,899,842</u>
TOTAL BOND ISSUE REQUIREMENT (BIR)	<u><u>\$ 6,825,000</u></u>

- (1) Represents the initial lump sum payment of \$3,150,000 to Jonah Water Special Utility District for 630 LUEs plus fees for an additional 196 LUEs at \$5,000 each pursuant to a certain water agreement.
- (2) Represents wastewater impact fees for 442 LUEs at \$1,799 each, paid at the time of home construction permit from the City of Round Rock, pursuant to current City of Round Rock ordinance.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for water, sewer and/or storm drainage improvements in aid thereof as approved by the TCEQ. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

General

The District was created by the acts of the 86th Texas Legislature in 2019 (House Bill 4689); Chapter 8094, Texas Special District Local Laws Code. The District has the powers and duties provided by the general laws of the State of Texas, including Chapters 49 and 54, Water Code, applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution. The District also has the authority granted under Section 52, Article III, Texas Constitution.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water and, the construction, operation and maintenance of macadamized, graveled or paved roads and improvements, including storm drainage, in aid of those roads. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District also is authorized by law to engage in fire-fighting activities,

including the issuance of bonds payable from taxes for such purpose. Before the District could issue such bonds, the following actions would be required: (1) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (2) consent from the City of Round Rock; (3) approval of master plan and bonds by the TCEQ; and (4) approval of bonds by the Attorney General of Texas. The Board has not considered seeking authorization to engage in fire-fighting activities at this time, but may do so in the future. If additional debt obligations for fire-fighting purposes are issued in the future by the District, such issuance may adversely affect the investment security of the Bonds. The District lies within the municipal boundaries of the City of Round Rock, Texas, and as such, currently receives fire-fighting services from the City. In addition, the Development Agreement between the Developer and the City and joined by the District designates the City as the sole provider of emergency services to the District property. The District is located within a county that has the statutory authority to issue bonds supported by ad valorem taxes for the development of parks and recreational facilities. Before the District could issue such bonds, a majority of the voters of the District voting in an election for that purpose must consent to the issue of the bonds. The Development Agreement between the Developer and the City and joined by the District provides for consent by the City to the issuance of bonds for park and recreational facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District’s utility system is subject to the regulatory jurisdiction of additional governmental agencies. See “THE WATER, WASTEWATER AND DRAINAGE SYSTEM—Regulation.”

Location

The District encompasses approximately 356 acres and is located west of Texas State Highway 130, south of University Boulevard, east of County Road 110 and north of Limmer Loop entirely within the corporate boundaries of the City of Round Rock (the “City”) in southern Williamson County. The District is approximately 8 miles northeast of downtown Round Rock and approximately 30 miles from the central downtown business district of the City of Austin. The District is located within the Hutto Independent School District.

Land Use

The following table has been provided by the Developer and the Engineer, and represents the current land use within the District as of February 29, 2024.

	Gross Acres	Single Family Lots	Completed Homes	Homes Under Construction	Vacant Lots
Phases Developed or being Developed with Utilities: Phases 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15 and 16	303.916	1,004	451	84	469
Future Phases (residential)	44.601	182	0	0	0
Future Phases (non-residential)	7.851	0	0	0	0
Totals	356.368	1,186	451	84	469
Undevelopable Acreage:					
Amenity Center	4.540				
HOA, Open Space, Landscape, Drainage	58.224				
Road right-of-way	75.204				
Total Undevelopable Acreage	137.968				

Status of Development

Single-Family Residential: The District is currently being developed as Salerno by the Developer (a single-family development). Completed development currently consists of approximately 63.411 acres of Salerno Phase 1 (173 single-family residential lots), approximately 18.758 acres of Salerno Phase 2 (91 single-family residential lots), approximately 19.506 acres of Salerno Phase 3 (49 single-family residential lots), approximately 24.184 acres of Salerno Phase 4 (34 single-family residential lots), approximately 31.405 acres of Salerno Phase 5 (95 single-family residential lots), approximately 10.835 acres of Salerno Phase 6 (45 single-family residential lots), approximately 25.044 acres of Salerno Phase 7 (68 single-family residential lots), approximately 16.117 acres of Salerno Phase 8 (63 single-family residential lots), approximately 20.643 acres of Salerno Phase 9 (99 single-family residential lots), approximately 22.530 acres of Salerno Phase 10 (112 single-family residential lots), approximately 18.260 acres of Salerno Phase 11 (79 single-family residential lots), approximately 10.805 acres

of Salerno Phase 14 (31 single-family residential lots), approximately 10.935 acres of Salerno Phase 15 (32 single-family residential lots), and approximately 11.483 acres of Salerno Phase 16 (33 single-family residential lots).

Phases 12, 13 and 17 are under various stages of engineering, planning and design. Preliminary planning numbers for these proposed phases are currently approximately 44.601 acres with 182 single-family lots and approximately 7.851 acres of non-residential land.

Offsite water and wastewater improvements to serve the District have also been completed.

Recreation: Amenities currently within the District include an amenity center, a community pool and playgrounds.

Future Development

There are approximately 44.601 gross acres of land remaining within the District (not including the 303.916 gross acres that is either already developed or currently being developed by the Developer for construction of 1,004 single-family residential lots) that have not been fully provided with water, wastewater, storm drainage facilities and roads. While the Developer anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fully reimburse the Developer for water, wastewater, storm drainage facilities and roads constructed to date, and to accomplish full development of the District. The District has authorized a total of \$80,000,000 of unlimited tax bonds. Pursuant to the Consent and Development Agreement between the Developer and the City and joined by the District, the total amount of bonds issued by the District shall not exceed \$48,000,000 unless otherwise approved by the City. See “THE ROAD SYSTEM,” “THE WATER, WASTEWATER AND DRAINAGE SYSTEM” and “RISK FACTORS—Future Debt.”

THE DEVELOPER

Role of a Developer

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

Prospective purchasers of the Bonds should note that the prior real estate experience of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate. Prospective purchasers are urged to inspect the District in order to acquaint themselves with the nature of the business activities of the Developer. See “RISK FACTORS—Landowners/Developer/Homebuilders Under No Obligation to the District.”

The Developer

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

The Developer is not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District, description of their financing arrangements or financial condition described herein should not be construed as an implication to that effect. The Developer has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their properties within the District, or any other assets, at any time. Further, the Developer’s financial condition is subject to change at any time. Accordingly, the information regarding KB Home described in the preceding paragraph is provided for informational purposes only and should not be construed as financial information or operating data of the District.

Homebuilders

Homebuilding in the District is currently being conducted by the Developer, a homebuilder subsidiary of KB Home. As of February 29, 2024, the Developer had completed 451 homes (including 10 model homes) and had 84 homes under construction in Salerno Phases 1, 2, 3, 4, 5, 6, 7, 8, 11, 14 and 15. New homes floor plans range from 1,360 sq. ft. to 2,897 sq. ft., and new home starting prices range from \$318,995 to \$411,995 according to KB Home. As of February 29, 2024, there were no other homebuilders active within the District.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Mitchell Schwartz	President	May 4, 2024
William James Mosley	Vice President	May 2, 2026
Dwain Halm	Secretary	May 2, 2026
Tim Agee	Treasurer/Assistant Secretary	May 4, 2024
Moses Kim	Assistant Secretary	May 2, 2026

District Consultants

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

Bond & General Counsel: Winstead PC, Dallas and Austin, Texas serves as Bond Counsel and General Counsel to the District. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Austin, Texas, has been engaged by the District to serve as “Disclosure Counsel” for the District. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Hilltop Securities Inc., Dallas, Texas, serves as the District’s Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Tax Assessor/Collector: The Williamson Central Appraisal District (the “Appraisal District”) has the responsibility of appraising all property within the District. See “TAXING PROCEDURES.” The District has contracted with Williamson County Tax-Assessor-Collector, to perform the tax collection function.

Engineer: The District’s consulting engineer is Carlson, Brigance & Doering, Inc., Austin, Texas.

Bookkeeper: The District has contracted with Bott & Douthitt, LLC, Round Rock, Texas, for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is the Jonah Water Special Utility District and City of Round Rock, respectively.

Drainage System Operator: The operator of the District's internal drainage system is Inframark, LLC, Austin, Texas.

THE WATER, WASTEWATER AND DRAINAGE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "Utility System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency.

City of Round Rock, Texas

Pursuant to a Strategic Partnership Agreement between the City and the District effective September 12, 2019 (the "Strategic Partnership Agreement"), the District shall construct the water, wastewater, roadway and drainage facilities (the "District Facilities") to serve the District. Upon completion of District Facilities, the District will notify the City and the City will inspect the District Facilities. All wastewater, road and drainage facilities (to include pipes, culverts, and other improvements within the public right-of-way) will be conveyed to and maintained by the City. However, all drainage ponds will be conveyed to the homeowners association. All internal water lines constructed by the District will be dedicated to and maintained by Jonah Water Special Utility District ("Jonah") pursuant to a separate agreement between Jonah and the District, as described below

Pursuant to a certain Interlocal Agreement for Billing Services between the City and Jonah, Jonah provides billing services within the boundaries of the District for water, wastewater, stormwater drainage and solid waste collection services.

Flood Protection

According to the District's engineer, none of the developable land is within the 100-year floodplain. The District contains certain areas within the 100-year floodplain and those areas are designated as drainage ways and easements. No lots are proposed within the 100-year floodplain.

THE ROAD SYSTEM

Construction of the District's roads is subject to certain regulation by the City, pursuant to the Consent and Development Agreement with the City effective as of June 27, 2019 and joined by the District on August 1, 2019 (the "Development Agreement") and the Strategic Partnership Agreement. All roads within the District are to be operated and maintained by the District.

Roads within the District are constructed with asphalt pavement with curbs. Pritchard Drive is currently the principal collector entering the project off of County Road 110 approximately half a mile south of University Boulevard. The local interior streets within the project and are typically 50 feet right-of-way with 30 feet wide (between curbs). The Road System also includes streetlights, landscape and hardscape. Franchise utilities (power, phone, gas and cable) are typically located adjacent to the roadway. Public utilities such as water, wastewater and storm drainage are typically located within street rights of way.

DISTRICT OPERATING STATEMENT

Principal of and interest on the Bonds are payable solely from the proceeds of an unlimited tax levied against all taxable property within the District's boundaries.

The District intends to convey all of its right, title and interest to and maintenance, operation and repair obligations for the water and sewer systems to the Jonah Water Special Utility District ("Jonah") and the City of Round Rock, respectively, pursuant to the Development Agreement; a Non-Standard Service Agreement between Jonah, the District and the Developer;

and the Strategic Partnership Agreement. The District therefore will not receive revenue from providing water and wastewater service. The District is no longer dependent on the Developer’s advances for operating funds and the District estimates that it will, in future years, operate on a positive cash flow basis without water and sewer revenues from customers, even though the amount of its net revenues may be less without net utility system revenues. However, the District cannot predict that the District’s net revenues subsequent to such conveyance will be sufficient to fund its future obligations and expenses or that an increase in its maintenance tax may not be required in the future. See APPENDIX A and APPENDIX B.

The District is required to obtain an annual audit. The District engaged McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, to prepare the audited annual financial report for the year ended September 30, 2023 and also to perform certain agreed-upon procedures related to the use of proceeds from the Bonds to reimburse the Developer. See APPENDIX A

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

Assessed Value, Debt Ratios and Fund Balances

2023 Certified Net Taxable Assessed Valuation	\$ 123,826,669 ⁽¹⁾
Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	\$ 218,410,000 ⁽¹⁾⁽²⁾
 Gross Combined Direct Debt Outstanding upon Issuance of the Bonds	 \$ 22,760,000
Ratio of Gross Combined Direct Debt to 2023 Certified Taxable Assessed Valuation	18.38%
Ratio of Gross Combined Direct Debt to Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024	10.42%
 Utility Bond Debt Service Fund Balance (at Delivery Date of the Bonds)	 \$ 308,223 ⁽³⁾
General Fund Balance as of April 10, 2024	\$ 421,861 ⁽⁴⁾

(1) As provided by the Williamson Central Appraisal District (the "Appraisal District").
(2) No tax will be levied on this amount in Tax Year 2024. For informational purposes only. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAXING PROCEDURES."
(3) Any funds in the Utility Bond Debt Service Fund are pledged only to pay the debt service on the Bonds and any additional utility bonds. Neither Texas law nor the Bond Order require the District to maintain any minimum balance in the Utility Bond Debt Service Fund. Upon delivery of the bonds, the District will deposit 12 months of interest on the Bonds calculated at the net effective interest rate plus accrued interest from the Dated Date to the Delivery Date in the Utility Bond Debt Service Fund.
(4) The District is no longer dependent on developer advances for operating funds. The District levied \$584,462 maintenance and operations taxes in Tax Year 2023. See "RISK FACTORS - Operating Funds."

Investments of the District

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

Anticipated Issuance of Additional Debt

The District may issue any additional unlimited tax debt with in the next 12 months if the taxable assessed valuation increases to allow for the issuance of additional unlimited tax debt. There is a cap of \$48,000,000 from the City for the total amount of bonds issued by the District.

On May 7, 2022, the District’s voters authorized the issuance of a total of \$41,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and storm drainage facilities (“Utility Bonds”), and \$38,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads (“Road Bonds”) and could authorize additional amounts. The District is also authorized to issue unlimited tax refunding bonds in an amount equal to

\$51,875,000 for the purpose of refunding Utility Bonds and \$48,125,000 for the purpose of refunding Road Bonds, including the Bonds. The Board is further empowered to borrow money for any lawful purpose and to issue bond anticipation and tax anticipation notes. After issuance of the Bonds, the District will have \$34,675,000 unlimited tax bonds authorized but unissued for water, wastewater and storm drainage purposes and \$22,565,000 of unlimited tax bonds authorized but unissued for road purposes. See “RISK FACTORS—Future Debt.”

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. The District does not employ any formula with respect to the issuance of additional bonds, but currently must comply with formulas promulgated by the Attorney General of the State of Texas (the "Attorney General") with regard to bonds issued for road purposes, and the Texas Commission on Environmental Quality (“TCEQ”), with regard to bonds issued for water, sanitary sewer and drainage purposes, pertaining to assessed valuation and tax rates of the District that may limit the amount of bonds which may be issued in the future. The total amount of bonds and other obligations of the District issued for road purposes, together with the District’s proportionate amount of overlapping road debt, may not exceed one-fourth of the assessed valuation of the real property in the District. All bonds issued by the District must be approved by the Attorney General of the State of Texas. With certain limited exceptions, any bonds issued to acquire or construct water, sanitary sewer, and drainage facilities must additionally be approved by the TCEQ.

Outstanding Unlimited Tax Road Bonds

The District has issued \$15,935,000 unlimited tax road bonds to date, all of which remain currently outstanding.

Outstanding Unlimited Tax Utility Bonds

The Bonds are the District’s first series of unlimited tax utility bonds.

Unlimited Tax Bonds Voted Authorization

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
Utility Bonds	5/7/2022	\$ 41,500,000	\$ -	\$ 6,825,000	\$ 34,675,000
Refunding Utility Bonds	5/7/2022	51,875,000	-	-	51,875,000
Road Bonds	5/7/2022	38,500,000	15,935,000	-	22,565,000
Refunding Road Bonds	5/7/2022	48,125,000	-	-	48,125,000
Total		<u>\$ 180,000,000</u>	<u>\$ 15,935,000</u>	<u>\$ 6,825,000</u>	<u>\$ 157,240,000</u>

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Debt Service Requirements

The following sets forth the estimated debt service requirements on the Bonds.

Calendar Year Ending 31-Dec	Outstanding Debt ⁽¹⁾			The Bonds ⁽²⁾			Total Unlimited Tax Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S		
	2024	\$ 85,000	\$ 645,534	\$ 730,534	\$ -	\$ 105,967		
2025	350,000	767,890	1,117,890	-	280,500	280,500	1,398,390	
2026	370,000	745,755	1,115,755	160,000	280,500	440,500	1,556,255	
2027	390,000	722,350	1,112,350	170,000	272,500	442,500	1,554,850	
2028	410,000	697,675	1,107,675	185,000	264,000	449,000	1,556,675	9.31%
2029	430,000	671,730	1,101,730	200,000	254,750	454,750	1,556,480	
2030	450,000	644,515	1,094,515	215,000	244,750	459,750	1,554,265	
2031	470,000	615,973	1,085,973	235,000	236,150	471,150	1,557,123	
2032	495,000	590,413	1,085,413	250,000	226,750	476,750	1,562,163	
2033	520,000	563,313	1,083,313	265,000	216,750	481,750	1,565,063	24.82%
2034	550,000	541,550	1,091,550	265,000	206,150	471,150	1,562,700	
2035	575,000	518,538	1,093,538	280,000	195,550	475,550	1,569,088	
2036	605,000	493,944	1,098,944	285,000	184,350	469,350	1,568,294	
2037	635,000	467,835	1,102,835	300,000	172,950	472,950	1,575,785	
2038	670,000	439,838	1,109,838	305,000	160,950	465,950	1,575,788	44.46%
2039	705,000	410,300	1,115,300	315,000	149,513	464,513	1,579,813	
2040	740,000	378,388	1,118,388	330,000	137,306	467,306	1,585,694	
2041	780,000	344,894	1,124,894	340,000	124,106	464,106	1,589,000	
2042	820,000	309,588	1,129,588	350,000	110,506	460,506	1,590,094	
2043	860,000	272,469	1,132,469	365,000	96,506	461,506	1,593,975	69.09%
2044	905,000	233,538	1,138,538	375,000	81,906	456,906	1,595,444	
2045	955,000	191,750	1,146,750	385,000	66,906	451,906	1,598,656	
2046	1,000,000	147,638	1,147,638	405,000	51,025	456,025	1,603,663	
2047	1,055,000	101,463	1,156,463	415,000	34,319	449,319	1,605,781	
2048	1,110,000	52,725	1,162,725	430,000	17,200	447,200	1,609,925	100.00%
	<u>\$ 15,935,000</u>	<u>\$ 11,569,601</u>	<u>\$ 27,504,601</u>	<u>\$ 6,825,000</u>	<u>\$ 4,171,860</u>	<u>\$ 10,996,860</u>	<u>\$ 38,501,461</u>	

(1) Includes the Outstanding Road Bonds.

(2) Net effective interest rate calculated at 4.2421%.

Maximum Annual Debt Service Requirement (2048)	\$1,609,925
Average Annual Debt Service Requirements (2025-2048).....	\$1,569,373

(Continues on following page)

Estimated Overlapping Debt and Taxes

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

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

Set forth below is an approximate calculation of overlapping debt for the 2023 tax year and the tax rates imposed for the 2021 tax year by all taxing jurisdictions overlapping the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdiction	2023 Taxable Assessed Value ⁽¹⁾	2023 Total Tax Rate ⁽¹⁾	Total Debt as of 4/1/2024	Estimated % Applicable	District's Overlapping Debt as of 4/1/2024
The District	\$ 123,826,669	\$ 0.6800	\$ 22,760,000 ⁽²⁾	100.000%	\$ 22,760,000
City of Round Rock	23,781,802,159	0.3420	298,020,000	0.521%	1,551,725
Williamson County (incl. FM/Road)	120,208,231,943	0.3774	1,416,565,000	0.103%	1,459,206
East Williamson County Higher Education Center	8,935,401,924	0.0383	-	1.386%	-
Upper Brushy Creek Water Control and Improvement District	80,743,399,653	0.0170	51,320,000	0.153%	78,703
Hutto Independent School District	8,390,607,793	1.2075	581,155,000	1.476%	8,576,552
Total Direct and Overlapping Tax Debt		\$ 2.6623	\$ 2,369,820,000		\$ 34,426,187

(1) Taxable Assessed Values and Tax Rates as reported by the Williamson Central Appraisal District; as well as the Travis Central Appraisal District for purposes of City of Round Rock.

(2) Includes the Bonds.

(Continues on following page)

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and any future utility bonds. The District may also levy a tax to provide funds to pay the principal and interest on any Road Bonds. In 2023 the District adopted a \$0.2080 per \$100 of taxable assessed valuation tax to pay debt service on the Outstanding Road Bonds. See “TAX DATA—Tax Rate Distribution,” and “Tax Roll Information,” below and “TAXING PROCEDURES.”

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters.

A maintenance tax election was conducted on November 5, 2019. The voters of the District authorized, among other things, the Board to levy a maintenance tax not to exceed \$1.20 per \$100 of taxable assessed valuation for operation and maintenance purposes, including but not limited to planning, constructing, acquiring, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment of water, sewer and drainage of the District and for paying costs of proper services, engineering and legal fees and organization and administrative expenses, in accordance with the constitution and laws of the State of Texas, including particularly (but not by way of limitation) Section 49.107 of the Texas Water Code.

A maintenance tax is in addition to unlimited debt service taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds and any additional road and/or utility bonds. In 2023 the District adopted a \$0.4720 per \$100 of taxable assessed valuation tax for maintenance and operation purposes.

Contract Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax to make payments under a contract, if the provisions of the contract have been approved by a majority of the qualified voters of the District, and such tax is approved by the TCEQ. To date, the voters in the District have not approved contracts between the District and other parties and the levy of a tax without legal limitation as to rate or amount in support thereof. Such tax would be in addition to taxes which the District is authorized to levy for paying principal of and interest on its road bonds and water and sewer bonds, and taxes for the maintenance and operations of the District.

Tax Exemptions

The District has not adopted any optional exemptions for property located within the District. See “TAXING PROCEDURES”.

Tax Rate Distribution

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Distribution		Total Tax Levy	Maintenance & Operations Tax Levy	Total Debt Service Tax Levy
				Maintenance Tax Rate	Debt Service Tax Rate			
2021	2022	\$ 9,079,860	\$ 0.6800	\$ 0.6800	\$ -	\$ 61,743	\$ 61,743	\$ -
2022	2023	34,126,498	0.6800	0.2655	0.4145	232,060	90,606	141,454
2023	2024	123,826,669	0.6800	0.4720	0.2080	842,021	584,462	257,559

The District levied an ad valorem property tax for the first time in 2021.

Historical Tax Collections

The District currently levies a tax of \$0.4720 per \$100 of assessed valuation for maintenance and operations purposes and \$0.2080 per \$100 of assessed valuation for the payment of principal and interest of unlimited tax bonds.

Tax Year	Calendar Year	Taxable Assessed Valuation	Total Tax Rate	Total Tax Levy	% Current Collections	% Total Collections
2021	2022	\$ 9,079,860	\$ 0.6800	\$ 61,743	100.00%	100.00%
2022	2023	34,126,498	0.6800	232,060	100.00%	100.00%
2023	2024	123,826,669	0.6800	842,021	99.12%	104.39% ⁽¹⁾

(1) As of February 29, 2024. Includes rollback taxes.

Tax Roll Information

The District’s appraised value as of January 1 of each year is used by the District in establishing its tax rate. See “TAXING PROCEDURES—Valuation of Property for Taxation.”

	2023	2022	2021
Land and Improvements	\$ 155,898,348	\$ 57,508,514	\$ 17,958,015
Personal Property	103,823	43,788	-
Minerals	-	-	-
Exemptions	(32,175,502)	(23,425,804)	(8,878,155)
Net Taxable Assessed Valuation	\$ 123,826,669	\$ 34,126,498	\$ 9,079,860

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property’s taxable appraised value as a percentage of the 2023 Net Taxable Assessed Valuation of \$123,826,669.

Name of Taxpayer	Nature of Property	2023 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
KB Home Lone Star Inc.	Real Estate/Development	\$ 34,859,942	28.15%
Individual	Single Family Residence	556,368	0.45%
Individual	Single Family Residence	534,824	0.43%
Individual	Single Family Residence	533,697	0.43%
Individual	Single Family Residence	533,070	0.43%
Individual	Single Family Residence	519,956	0.42%
Individual	Single Family Residence	519,563	0.42%
Individual	Single Family Residence	519,233	0.42%
Individual	Single Family Residence	519,233	0.42%
Individual	Single Family Residence	519,001	0.42%
		\$ 39,614,887	31.99%

Note: As reported by the Appraisal District.

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 appraised valuation which would be required to meet average combined annual and maximum combined debt service requirements if no growth in the District's tax base occurred beyond the 2023 Certified Net Taxable Assessed Valuation of \$123,826,669 and the Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024 of \$218,410,000. The calculations contained in the following table merely represent the tax rates required to pay debt service on the Bonds and the Outstanding Road Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-eight percent (98%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Tax Adequacy based upon the 2023 Certified Net Taxable Assessed Valuation

Average Combined Annual Debt Service Requirement (2025-2048)	\$ 1,569,373
\$1.2933 Tax Rate at 98% Collections to pay Average Annual Debt Service produces	\$ 1,569,421
Maximum Combined Annual Debt Service Requirement (2048)	\$ 1,609,925
\$1.3267 Tax Rate at 98% Collections to pay Maximum Annual Debt Service produces	\$ 1,609,952

Tax Adequacy based upon the Certified Estimate of Net Taxable Assessed Valuation as of January 31, 2024

Average Combined Annual Debt Service Requirement (2025-2048)	\$ 1,569,373
\$0.7333 Tax Rate at 98% Collections to pay Average Annual Debt Service produces	\$ 1,569,569
Maximum Combined Annual Debt Service Requirement (2048)	\$ 1,609,925
\$0.7522 Tax Rate at 98% Collections to pay Maximum Annual Debt Service produces	\$ 1,610,022

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Williamson Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Williamson County, including the District. Such appraisal values are subject to review and change by the Williamson County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Williamson County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt certain property owned by qualified organizations engaged primarily in charitable purposes, residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District has not adopted 65 and older or disabled exemptions. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, to between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% and, subject to certain conditions, the surviving spouse of such a veteran, is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. In addition, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken no official action to allow taxation of all such goods-in-transit personal property.

General Residential Homestead Exemption

The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the market value of residential homesteads, but not less than \$5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the

homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements on the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that 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." The impact each classification has on the ability of a district to increase its maintenance and operations is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

For the 2023 tax year, the District is designated as a Developing District. For future years, 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. 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.

Agricultural, Open Space, or Timberland Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who could continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years for agricultural use and five (5) years for timberland or open space land prior to the loss of the designation. As of Tax Year 2023, approximately 95.40 acres within the District qualified for the agricultural exemption under the Property Tax Code.

Tax Abatement

Williamson County may designate all or part of the District as a reinvestment zone, and the District, and Williamson County, as applicable, may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. However, a person who is 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 deferral or abatement of delinquent taxes without penalty during the time he owns or occupies his property as his residential homestead. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt and 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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, 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 except as described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS—Tax Collections Limitations and Foreclosure Remedies."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy 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 Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the approving legal opinion of Winstead PC, Dallas, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the 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. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Certain legal matters will be passed upon for the District by its Disclosure Counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

The District will also furnish the legal opinion of Bond Counsel to the District to the effect that interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law and is not an item of tax preference for purposes of the alternative minimum tax, subject to the matters discussed below under "TAX MATTERS."

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

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

Legal Review

In its capacity as Bond Counsel, Winstead PC, has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel,"

“TAXING PROCEDURES,” “LEGAL MATTERS (insofar as it relates to the opinion of Bond Counsel),” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION (except for the subheading “Compliance with Prior Undertakings”)” solely to determine whether such information fairly summarizes the law referred to therein. In its capacity as General Counsel to the District, Winstead PC has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS—Annexation,” “—Consolidation,” “THE DISTRICT—General,” “THE WATER, WASTEWATER AND DRAINAGE SYSTEM” and “THE ROAD SYSTEM” solely to determine whether such sections fairly summarize the matters contained therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firms’ 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 of the other information contained herein.

TAX MATTERS

Opinion

Winstead PC, Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the “annual adjusted financial statement income” (as defined in section 56A of the Code) of “applicable corporations” (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. See “APPENDIX C – Form of Bond Counsel’s Opinion.”

Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield, and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures, and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified), and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the “Service”). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service’s view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury, and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into

account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

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

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

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

State, Local and Foreign Taxes

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

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Not Qualified Tax-Exempt Obligations for Financial Institutions

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

The District will not designate the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the authorized members of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District’s certifying officers, threatened against the

District, either in state or federal courts, contesting or attacking 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 authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and 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 the sale.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Hilltop Securities Inc., is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Hilltop Securities Inc., has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

Appraisal District: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Williamson Central Appraisal District and is included herein in reliance upon the authority of such acting as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the District's road system and water and wastewater system and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROAD SYSTEM," and "THE WATER, WASTEWATER AND DRAINAGE SYSTEM" has been provided by Carlson, Brigrance & Doering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Bookkeeper: The information related to the District's General Fund, Road Debt Service Fund and Capital Projects Fund as it appears in SELECTED FINANCIAL INFORMATION (UNAUDITED) and the General Fund and Operating Budget of the District for the year ending September 30, 2024 in "APPENDIX B" has been provided by Bott & Douthitt, LLC and is included herein in reliance upon the authority of such company as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse

event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser, provided, however, that the obligation of the District to the Initial Purchaser to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customer.

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the 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 events, to the Municipal Securities Rulemaking Board ("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.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually. The financial information and operating data which will be provided is found in the sections titled "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" (except the information under the heading "- Estimated Overlapping Debt and Taxes"), "TAX DATA" and "APPENDIX A – Annual Financial Report of the District." The District will update and provide this information within six (6) months after the end of each fiscal year ending in and after 2024. The District will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. To facilitate the District's ability to provide financial information and operating data, the Developer has agreed to provide information needed by the District to comply with the Rule.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the SEC, as permitted by the Rule. The updated information will include audited financial statements. If audited financial statements are not available by the required time, the District will provide unaudited financial information by the required time and will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles the District may be required to employ from time to time pursuant to State law or regulation.

The District's fiscal year end is September 30. Accordingly, audited financial statements must be provided by March 31 of each year (or unaudited financial statements if audited financial statements are not available), unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit

enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District 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, and (15) incurrence of a financial obligation 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 District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under Annual Reports.

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The District has been in compliance in all material aspects with its previous continuing disclosure undertakings.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Round Rock Municipal Utility District No. 1, as of the date shown on the first page hereof.

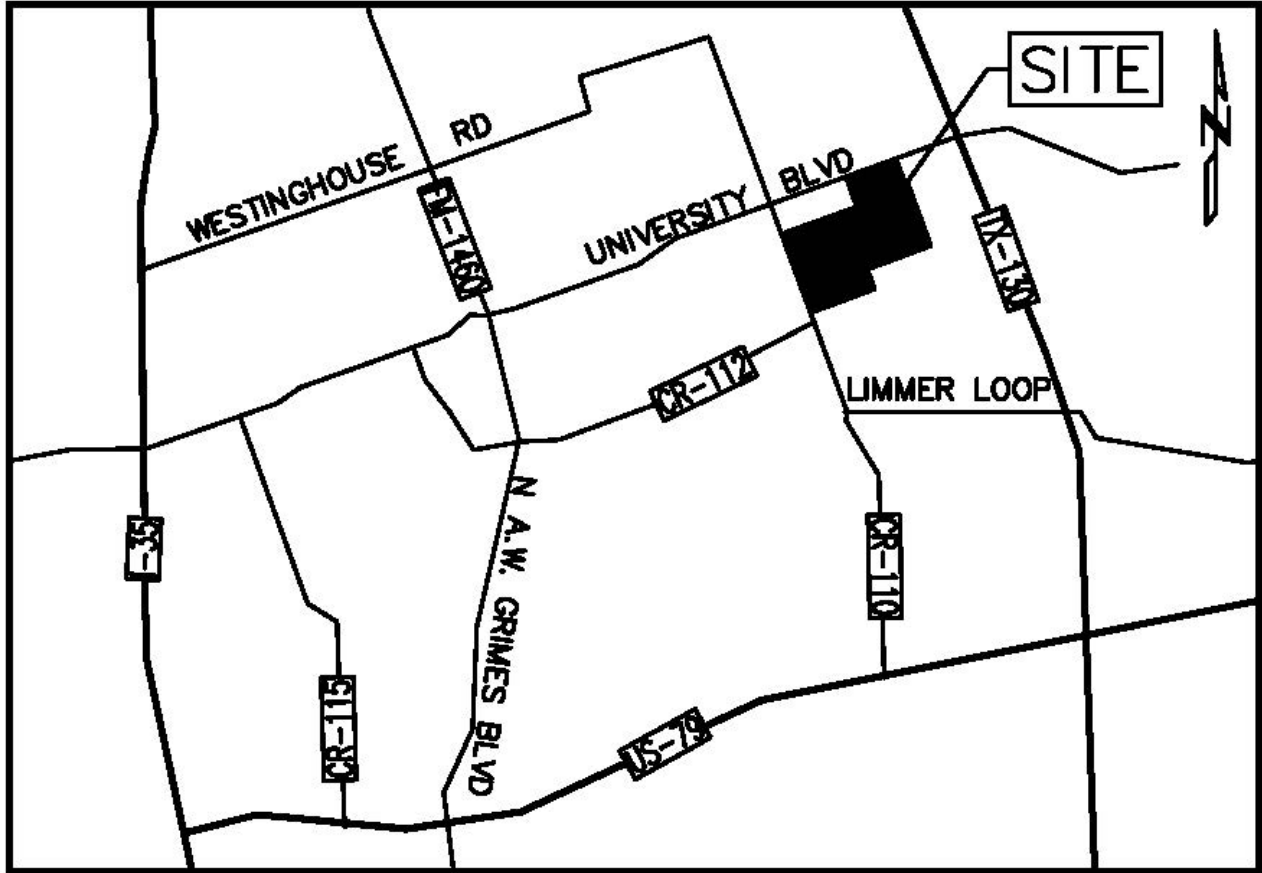
/s/ Mitchell Schwartz
President, Board of Directors

ATTEST:

/s/ Dwain K. Halm
Secretary, Board of Directors

DISTRICT LOCATION MAP

VICINITY MAP



LOCATION MAP (NTS)

PHOTOGRAPHS OF THE DISTRICT

Photographs of the District as of March 2024









APPENDIX A

Financial Statements, Supplementary Information and Independent Auditor's Report of the District for the year ended September 30, 2023

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1

YEAR ENDED SEPTEMBER 30, 2023

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
SEPTEMBER 30, 2023**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1

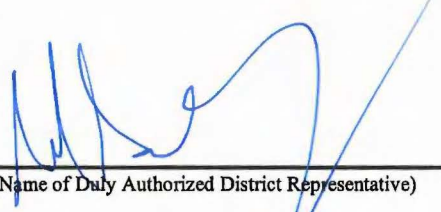
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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF WILLIAMSON

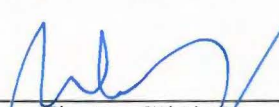
I,  of the
(Name of Duly Authorized District Representative)

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the **7th day of February, 2024** its annual audit report for the fiscal year ended **September 30, 2023** and that copies of the annual audit report have been filed in the District's office, located at:


401 Congress Ave., Suite 2100 Austin, TX 78701.
(Address of District's Office)

This 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 of Texas Water Code Section 49.194.

Date: February 7, 2024 By: 
(Signature of District Representative)
Mitchell Schwarz, President
(Typed Name and Title of District Representative)

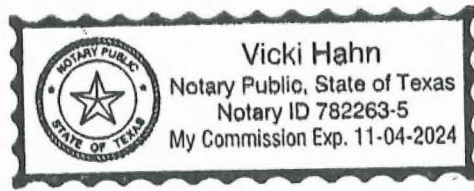
Sworn to and subscribed to before me this 7th day of February, 2024.




(Signature of Notary)

My Commission Expires On: _____,
Notary Public in the State of Texas

Form TCEQ-0723 (Revised 07/2012)



INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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(713) 462-0341
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(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Round Rock Municipal Utility District No. 1
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Round Rock Municipal Utility District No. 1 (the "District") as of and for the year ended September 30, 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 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 September 30, 2023, and the respective changes in financial position 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 Auditor's 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.

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.

Auditor's 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 auditor's 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 and the Budgetary Comparison Schedule - General Fund 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 Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* 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 not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the Other Supplementary 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.


McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

February 7, 2024

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Round Rock Municipal Utility District No. 1 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2023. Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's basic financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the unassigned fund balance was \$833, a decrease of \$48,741 from the previous fiscal year. General Fund revenues were \$100,652 and expenditures were \$149,393 for the fiscal year ending September 30, 2023.
- *Debt Service Fund:* Fund balance restricted for debt service increased to \$181,558 in the current fiscal year. Debt Service Fund revenues were \$166,558 and expenditures were \$156,700. The District paid \$154,407 in bond interest during the current fiscal year.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased to \$24,232 in the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$44,282 in the current fiscal year. Net position decreased from a deficit balance of \$519,942 at September 30, 2022 to a deficit balance of \$564,224 at September 30, 2023.

OVERVIEW OF THE DISTRICT

Round Rock Municipal Utility District No. 1, a political subdivision of the State of Texas, was created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and House Bill 4689, 86th Legislature, for, among other purposes, financing the construction of the water, wastewater, drainage, and recreational facilities within its boundaries. The District contains approximately 356 acres and is located in southern Williamson County and is entirely within the corporate limits of the City of Round Rock.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

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 "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 FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. 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 Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "Governmental Funds") that derives the change in fund balance 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 *Notes to the 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 Statement of Revenues, Expenditures, and Changes in Fund Balances*.

The *Required Supplementary Information* presents a comparison statement between the District's adopted budget for the General Fund and its actual results.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2023	2022	
Current and other assets	\$ 242,359	\$ 263,016	\$ (20,657)
Non-current assets	3,185,853	3,185,853	-
Total Assets	\$ 3,428,212	\$ 3,448,869	\$ (20,657)
Current liabilities	\$ 133,535	\$ 26,211	\$ 107,324
Long-term liabilities	3,858,901	3,942,600	(83,699)
Total Liabilities	\$ 3,992,436	\$ 3,968,811	\$ 23,625
Net Investment in Capital Assets	\$ (693,816)	\$ (694,285)	\$ 469
Restricted	168,759	164,769	3,990
Unrestricted	(39,167)	9,574	(48,741)
Total Net Position	\$ (564,224)	\$ (519,942)	\$ (44,282)

The District's net position decreased by \$44,282 during the 2023 fiscal year to a deficit balance of \$564,224 at September 30, 2023 from the previous year's deficit balance of \$519,942.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Revenues and Expenses:

	<u>Summary Statement of Activities</u>		Change Increase (Decrease)
	Governmental Activities		
	2023	2022	
Property taxes	\$ 255,631	\$ 79,354	\$ 176,277
Interest and other	13,349	268	13,081
Total Revenues	\$ 268,980	\$ 79,622	\$ 189,358
District operations	\$ 70,051	\$ 18,507	\$ 51,544
Professional fees	62,643	10,250	52,393
Other	18,992	14,641	4,351
Developer interest	-	199,517	(199,517)
Debt service	161,576	330,267	(168,691)
Total Expenses	\$ 313,262	\$ 573,182	\$ (259,920)
Change in Net Position	\$ (44,282)	\$ (493,560)	\$ 449,278
Beginning Net Position	(519,942)	(26,382)	(493,560)
Ending Net Position	<u>\$ (564,224)</u>	<u>\$ (519,942)</u>	<u>\$ (44,282)</u>

Revenues were \$268,980 for the fiscal year ended September 30, 2023 while expenses were \$313,262. Net position decreased \$44,282 during the 2023 fiscal year.

For the fiscal year ended September 30, 2023, property tax revenues totaled \$255,631. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2022 tax year (September 30, 2023 fiscal year) were based upon a current assessed value of \$34,010,156 and a tax rate of \$0.68 per \$100 of assessed valuation. Property taxes levied for the 2021 tax year (September 30, 2022 fiscal year) were based upon a current assessed value of \$9,079,860 and a tax rate of \$0.68 per \$100 of assessed valuation.

The tax rate levied is determined after the District's Board of Directors reviews the General Fund budget requirements and the debt service obligations of the District. The District's primary revenue source is property taxes.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

ANALYSIS OF GOVERNMENTAL FUND

	<u>Governmental Fund by Year</u>	
	2023	2022
Cash and cash equivalent investments	\$ 241,859	\$ 263,016
Other	1,076	30,750
Total Assets	\$ 242,935	\$ 293,766
Accounts payable	\$ 35,736	\$ 5,892
Other	576	44,138
Total Liabilities	\$ 36,312	\$ 50,030
Restricted	\$ 205,790	\$ 194,162
Unassigned	833	49,574
Total Fund Balances	\$ 206,623	\$ 243,736
Total Liabilities and Fund Balances	\$ 242,935	\$ 293,766

As of September 30, 2023, the District's governmental funds reflected a fund balance of \$206,623, a \$37,113 decrease over the previous year.

This fund balance includes a \$48,741 decrease in the General Fund fund balance.

The Debt Service Fund reflects an increase of \$9,858 in fiscal year 2023. Debt Service Fund revenues were \$166,558 and expenditures were \$156,700. The District paid \$154,407 in bond interest during the current fiscal year. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Projects Fund purchases the District's infrastructure. The Capital Projects Fund had a \$1,770 increase in fund balance for fiscal year 2023.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating expenditures. The Board of Directors adopted the 2023 budget on September 14, 2022. The budget included revenues of \$87,473 and other financing sources of \$109,947 as compared to expenditures of \$197,420 for the 2023 fiscal year. When comparing actual figures to budgeted amounts, the District had a negative net variance of \$48,741. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

INTANGIBLE ASSETS

The District's governmental activities have invested \$3,185,853 in intangible assets. The detail is reflected in the following schedule:

	<u>9/30/2023</u>	<u>9/30/2022</u>
Intangible Assets:		
Road Improvements	\$ 3,185,853	\$ 3,185,853
Less: Accumulated Amortization	-	-
Total Net Intangible Assets	<u>\$ 3,185,853</u>	<u>\$ 3,185,853</u>

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

LONG TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	<u>Bonds Payable</u>
Series 2022	<u>\$ 3,935,000</u>
Total	<u>\$ 3,935,000</u>

The District owes approximately \$4 million to bond holders. The ratio of the District's long term debt to the total 2022 taxable assessed valuation (\$34,010,156) is 11.6%. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2023**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The property tax assessed value for the 2023 tax year (2024 fiscal year) is approximately \$122 million. The fiscal year 2024 tax rate (2023 tax year) is \$0.68 on each \$100 of taxable value. Approximately 69% property tax collected during fiscal year 2024 will fund general operating expenses and 31% will fund debt service obligations.

The adopted budget for fiscal year 2024 projects a \$367,462 increase to the operating fund balance.

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 Winstead PC, 401 Congress Ave., Suite 2100, Austin, TX 78701.

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FINANCIAL STATEMENTS

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash	\$ 18,702	\$ -	\$ -	\$ 18,702	\$ -	\$ 18,702
Cash equivalents	17,291	181,634	24,232	223,157	-	223,157
Receivables:						
Interfund	576	-	-	576	(576)	-
Prepaid expenses	-	-	500	500	-	500
Intangible assets, net of accumulated amortization	-	-	-	-	3,185,853	3,185,853
TOTAL ASSETS	\$ 36,569	\$ 181,634	\$ 24,732	\$ 242,935	3,185,277	3,428,212
LIABILITIES						
Accounts payable	\$ 35,736	-	-	35,736	-	35,736
Accrued bond interest payable	-	-	-	-	12,799	12,799
Interfund payables	-	76	500	576	(576)	-
Long-term liabilities:						
Due to developer	-	-	-	-	40,000	40,000
Bonds payable -						
Due within one year	-	-	-	-	85,000	85,000
Due after one year	-	-	-	-	3,818,901	3,818,901
TOTAL LIABILITIES	35,736	76	500	36,312	3,956,124	3,992,436
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for debt service	-	181,558	-	181,558	(181,558)	-
Restricted for authorized construction	-	-	24,232	24,232	(24,232)	-
Unassigned	833	-	-	833	(833)	-
TOTAL FUND BALANCES	833	181,558	24,232	206,623	(206,623)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,569	\$ 181,634	\$ 24,732	\$ 242,935		
Net position:						
Net investment in capital assets					(693,816)	(693,816)
Restricted for debt service					168,759	168,759
Unrestricted					(39,167)	(39,167)
TOTAL NET POSITION					\$ (564,224)	\$ (564,224)

The accompanying notes are an integral part of this statement.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
REVENUES:						
Property taxes, including penalties	\$ 99,809	\$ 155,822	\$ -	\$ 255,631	\$ -	\$ 255,631
Interest and other	843	10,736	1,770	13,349	-	13,349
TOTAL REVENUES	<u>100,652</u>	<u>166,558</u>	<u>1,770</u>	<u>268,980</u>	<u>-</u>	<u>268,980</u>
EXPENDITURES / EXPENSES:						
Operations and management	12,791	-	-	12,791	-	12,791
Landscape maintenance	39,168	-	-	39,168	-	39,168
Drainage maintenance	18,092	-	-	18,092	-	18,092
Legal fees	19,383	-	-	19,383	-	19,383
Engineering fees	12,160	-	-	12,160	-	12,160
Accounting fees	18,800	-	-	18,800	-	18,800
Audit fees	12,000	-	-	12,000	-	12,000
Financial advisor fees	300	-	-	300	-	300
Tax appraisal/collection fees	508	793	-	1,301	-	1,301
Director fees, including payroll taxes	7,105	-	-	7,105	-	7,105
Insurance	4,150	-	-	4,150	-	4,150
Public notice	410	-	-	410	-	410
Bank fees	3,404	-	-	3,404	-	3,404
Other	1,122	1,500	-	2,622	-	2,622
Debt service:						
Interest	-	154,407	-	154,407	7,169	161,576
TOTAL EXPENDITURES / EXPENSES	<u>149,393</u>	<u>156,700</u>	<u>-</u>	<u>306,093</u>	<u>7,169</u>	<u>313,262</u>
NET CHANGE IN FUND BALANCE	(48,741)	9,858	1,770	(37,113)	37,113	-
CHANGE IN NET POSITION	-				(44,282)	(44,282)
FUND BALANCES / NET POSITION:						
Beginning of the year	49,574	171,700	22,462	243,736	(763,678)	(519,942)
End of the year	<u>\$ 833</u>	<u>\$ 181,558</u>	<u>\$ 24,232</u>	<u>\$ 206,623</u>	<u>\$ (770,847)</u>	<u>\$ (564,224)</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Round Rock Municipal Utility District No. 1 (the "District") relating to the fund included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. GAAP for local governments include those principles prescribed by the *Governmental Accounting Standards Board* ("GASB"), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District, a political subdivision of the State of Texas, was created under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code and House Bill 4689, 86th Legislature, for, among other purposes, financing the construction of the water, wastewater, drainage, and recreational facilities within its boundaries. The reporting entity of the District encompasses those activities and functions over which the District's officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the "Board"), all of which have been elected or deemed elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB standards since the majority of 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 as defined by GASB standards which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of intangible assets and capital assets, including restricted intangible assets and capital assets, net of accumulated amortization and depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

The basic financial statements are prepared in conformity with GASB Statement No. 34 and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation and amortization expense on the District's capital and intangible assets, including infrastructure, if any.

The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements:** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

Governmental Fund Types - The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund type:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.
- **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Non-current Governmental Assets and Liabilities - GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is 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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District may report unearned revenue on its balance sheet. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - An unappropriated budget was adopted on September 14, 2022, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions - The District has not established a pension plan because the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be “employees” for federal payroll tax purposes.

Cash and Cash Equivalent Investments - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Comptroller’s Investment Pool, are recorded at amortized cost.

Intangible Assets - Intangible assets, consisting of the right to receive water and wastewater service and road improvements conveyed to the City of Round Rock, Texas (the “City”), are reported in the government-wide column in the Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities or the cost of road improvements conveyed to the City. See Note 10 for information concerning the construction and conveyance of certain assets to the City.

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 - Unlimited tax bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Long-Term Debt (continued) -

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 and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance - Fund balances in governmental funds are classified using the following hierarchy:

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

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

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows :

Fund Balances - Total Governmental Funds		\$	206,623
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -			
Intangible assets			3,185,853
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:			
Bonds payable	(3,935,000)		
Bond discount, net	31,099		
Due to developer	(40,000)		
Accrued interest	(12,799)		
			(3,956,700)
Net Position - Governmental Activities		\$	(564,224)

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Changes in Fund Balances - Governmental Funds		\$	(37,113)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report:			
Interest expenditures in year paid			(5,868)
Governmental funds do not report -			
Bond discount amortization			(1,301)
			(1,301)
Change in Net Position - Governmental Activities		\$	(44,282)

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. CASH AND CASH EQUIVALENT INVESTMENTS

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the "Public Funds Investment Act") and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy, which complies with the Public Funds Investment Act, include: depositories must be Federal Deposit Insurance Corporation ("FDIC") insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2023, the carrying amount of the District's cash was \$18,702 and the bank balance was \$25,064. The bank balance was covered by federal depository insurance.

Cash Equivalents and Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency;
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; or
- Public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

3. CASH AND CASH EQUIVALENT INVESTMENTS (continued) –

Cash Equivalents and Investments (continued) -

At September 30, 2023, the District held the following investments:

Investment	Fair Value at 9/30/2023	Governmental Fund		Governmental Fund		Investment Rating	
		General	Debt Service	Capital Projects			
		Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency	
TexPool	\$ 223,157	\$ 17,291	\$ 181,634	\$ 24,232	AAAm	Standard & Poors	
	\$ 223,157	\$ 17,291	\$ 181,634	\$ 24,232			

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2023, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of September 30, 2023, the District's bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Williamson Central Appraisal District establishes appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson County Tax Assessor Collector bills and collects the District's property taxes. The Board set current tax rates on September 14, 2022.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2022 tax roll. The tax rate, based on total taxable assessed valuation of \$34,010,156 was \$0.68 on each \$100 valuation and was allocated \$0.2655 to the General Fund and \$0.4145 to the Debt Service Fund. The maximum allowable maintenance tax of \$1.20 was established by the voters at an election held on November 5, 2019.

Property taxes were fully collected at September 30, 2023.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

5. INTERFUND ACCOUNTS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at September 30, 2023:

	Interfund	
	Receivable	Payable
General Fund -		
Debt Service Fund	\$ 76	\$ -
Capital Projects Fund	500	-
Debt Service Fund -		
General Fund	-	76
Capital Projects Fund -		
General Fund	-	500
	\$ 576	\$ 576

6. CHANGES IN INTANGIBLE ASSETS

A summary of changes in intangible assets follows:

	Balance 10/1/2022	Additions	Deletions	Balance 9/30/2023
Intangible assets not being amortized:				
Road Improvements	\$ 3,185,853	\$ -	\$ -	\$ 3,185,853
Total intangible assets not being amortized	\$ 3,185,853	\$ -	\$ -	\$ 3,185,853

7. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2023:

	Unlimited Tax Bonds
Bonds payable at October 1, 2022	\$ 3,935,000
Bonds issued	-
Bonds retired	-
Bond discount, net	(31,099)
Bonds payable at September 30, 2023	\$ 3,903,901

Bonds payable at September 30, 2023, was comprised of the following individual issue:

Unlimited Tax Bonds -

\$3,935,000 – Series 2022 Unlimited Tax Road Bonds payable serially through the year 2047 at interest rates which range from 3.65% to 4.25%. Bonds maturing on or after September 1, 2030 are callable prior to maturity beginning September 1, 2029, or any date thereafter. Bonds maturing September 1, 2033, 2035, 2038, 2041, 2044 and 2047 are term bonds and are subject to mandatory sinking fund redemption.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

7. BONDED DEBT (continued)

The annual requirements to amortize all bonded debt at September 30, 2023, including interest, are as follows:

Year Ended	Annual Requirements for All Series			
	September 30,	Principal	Interest	Total
2024	\$	85,000	\$ 160,655	\$ 245,655
2025		90,000	157,553	247,553
2026		95,000	154,268	249,268
2027		100,000	150,800	250,800
2028		105,000	147,150	252,150
2029-2033		610,000	673,445	1,283,445
2034-2038		795,000	538,112	1,333,112
2039-2043		1,025,000	353,814	1,378,814
2044-2047		1,030,000	111,988	1,141,988
	\$	3,935,000	\$ 2,447,785	\$ 6,382,785

Bonds authorized but not issued as of September 30, 2023, are as follows:

Type	Amount
Unlimited Tax Bonds	\$ 41,500,000
Road Bonds	\$ 34,565,000
Refunding bonds - Utility	\$ 51,875,000
Refunding bonds - Roads	\$ 48,125,000

\$181,558 is available in the Debt Service Fund to service the bonded debt. The existing outstanding bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

8. COMMITMENTS AND CONTINGENCIES

The Developers of the land within the District have incurred costs for the construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the Developer by the District from proceeds of future bond issues or from District operations, subject to approval by the Texas Commission on Environmental Quality. On May 7, 2022, a bond election held within the District approved authorization to issue \$41,500,000 of bonds to fund costs of proposed water, wastewater and drainage system facilities, and the costs of creation. Additionally, \$38,500,000 of bonds to fund road improvements, \$51,875,000 of refunding tax bonds and \$48,125,000 of refunding tax road bonds were approved by voters of the District. As of September 30, 2023, the District has issued \$3,935,000 of unlimited tax road bonds to repay the developer. The District owes the developers \$40,000 for advances used to fund operating expenditures as of September 30, 2023.

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. 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.

10. CONSENT AGREEMENT

Pursuant to the Consent and Development Agreement (“Consent Agreement”) entered into by the District, the developer and the City of Round Rock (the “City”), effective June 27, 2019, the District and the developer will design, finance, and construct all water, wastewater, streets, drainage and other public improvement facilities (the “District Improvements”) required to serve the District in accordance with applicable City requirements and design standards. Upon completion of the construction of District Improvements by or on behalf of the District, wastewater, road and drainage facilities will be conveyed to the City and water facilities will be conveyed to Jonah Water Special Utility District (“SUD”). In exchange for the conveyance of the District Improvements, the City and SUD agree to operate and maintain the facilities conveyed. The City and SUD will provide retail wastewater and water services, respectively, to customers within the District. As part of conveying the roadway improvements to the City, no roadway impact fees will be owed to the City for any residential use within the development. The Consent Agreement terminates when the District is dissolved. The City may dissolve the District at any time after the District has issued bonds to finance reimbursable costs paid for or incurred to construct the District improvements that are required to serve full development. If dissolved, the City must assume the assets, functions and obligations of the District.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

11. STRATEGIC PARTNERHIP AGREEMENT

Pursuant to the Strategic Partnership Agreement (the “SPA”) between the City and the District effective September 12, 2019, the District shall construct the water, wastewater, roadway and drainage facilities to serve the District (the “District Facilities”). Upon completion of the District Facilities and after inspection by the City, all wastewater, road and drainage facilities will be conveyed to and maintained by the City, however drainage ponds will be conveyed to the homeowners association. All internal water lines constructed by the District will be conveyed and maintained by the SUD who will also provide billing services for the District for water, wastewater, stormwater drainage and solid waste collection services under an Interlocal Agreement for Billing Services between the City and SUD.

The SPA provided for the full purpose annexation of the District into the corporate boundaries of the City effective June 17, 2019. Accordingly, the District is located entirely within the corporate limits of the City. Owners of property in the District are subject to both taxes levied by the City in addition to those levied on taxable property within the District. The term of SPA will continue until the District is dissolved in accordance with the Consent Agreement.

12. SUBSEQUENT EVENT

On December 14, 2023, the District issued \$12,000,000 of Unlimited Tax Road Bonds, Series 2023. Proceeds of the bonds were used to reimburse a developer within the District for certain road improvements and fund future interest payments on the bonds and pay bond issue costs. The Series 2023 bonds were sold with interest rates ranging from 4.25% to 7.25% and principal maturities through September 2048.

**REQUIRED SUPPLEMENTARY
INFORMATION**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2023

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Property taxes, including penalties	\$ 99,809	\$ 87,473	\$ 12,336
Other	843	-	843
TOTAL REVENUES	<u>100,652</u>	<u>87,473</u>	<u>13,179</u>
EXPENDITURES:			
Operations and management	12,791	18,000	5,209
Landscape maintenance	39,168	40,000	832
Drainage maintenance	18,092	18,000	(92)
Legal fees	19,383	60,000	40,617
Engineering fees	12,160	12,000	(160)
Accounting fees	18,800	19,000	200
Audit fees	12,000	10,000	(2,000)
Financial advisor fees	300	2,500	2,200
Tax appraisal/collection fees	508	1,600	1,092
Director fees, including payroll taxes	7,105	9,720	2,615
Insurance	4,150	2,500	(1,650)
Public notice	410	500	90
Bank fees	3,404	-	(3,404)
Other	1,122	3,600	2,478
TOTAL EXPENDITURES	<u>149,393</u>	<u>197,420</u>	<u>48,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (48,741)</u>	<u>\$ (109,947)</u>	<u>\$ 61,206</u>
OTHER FINANCING SOURCES:			
Developer advances	<u>\$ -</u>	<u>\$ 109,947</u>	<u>\$ (109,947)</u>
TOTAL OTHER FINANCING SOURCES	<u>\$ -</u>	<u>\$ 109,947</u>	<u>\$ (109,947)</u>
NET CHANGE IN FUND BALANCE	<u>(48,741)</u>	<u>\$ -</u>	<u>\$ (48,741)</u>
FUND BALANCE:			
Beginning of the year	<u>49,574</u>		
End of the year	<u>\$ 833</u>		

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**TEXAS SUPPLEMENTARY
INFORMATION**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2023

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	(1)	(1)	(1)	(1)	(1)
WASTEWATER:	(1)	(1)	(1)	(1)	(1)
SURCHARGE:	(1)	(1)	(1)	(1)	(1)

District employs winter averaging for wastewater usage? Yes No

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

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered			1.0	
< 3/4"			1.0	
1"			2.5	
1 1/2"			5.0	
2"			8.0	
3"			15.0	
4"			25.0	
6"			50.0	
8"			80.0	
10"			115.0	
Total Water	(1)	(1)		(1)
Total Wastewater	(1)	(1)	1.0	(1)

⁽¹⁾ Water and wastewater services are provided to District customers by the Jonah Water Special Utility District and the City of Round Rock, respectively.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-1. SERVICES AND RATES (continued)
SEPTEMBER 30, 2023

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

Gallons pumped into system: _____ (1)

Gallons billed to customers: _____ (1)

Water Accountability Ratio (Gallons billed / Gallons Pumped) N/A

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

Does the District assess 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: _____

5. Location of District

County(ies) in which district is located: _____ Williamson County, Texas

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: _____ City of Round Rock, Texas

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

Entirely Partly Not at all

ETJ's in which district is located: _____

Are Board members appointed by an office outside the district?

Yes No

If Yes, by whom? _____

⁽¹⁾ Water and wastewater services are provided to District customers by the Jonah Water Special Utility District and the City of Round Rock, respectively.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2023

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		12,000
Legal		19,383
Engineering		12,160
Financial Advisor		300
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		18,800
General Manager		12,791
Appraisal District/Tax Collector		508
Other Contracted Services		-
Utilities		-
Repairs and Maintenance		57,260
Chemicals		-
Administrative Expenditures:		
Directors' Fees		7,105
Office Supplies		-
Insurance		4,150
Election Costs		-
Other Administrative Expenditures		4,936
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
TOTAL EXPENDITURES	\$	<u>149,393</u>

Number of persons employed by the District:

Full-Time

Part-Time
TSI-2

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2023

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund -					
TexPool	XXX0001	Varies	Daily	\$ 17,291	\$ -
Total				<u>17,291</u>	<u>-</u>
Debt Service Fund -					
TexPool	XXX0002	Varies	Daily	1,957	-
TexPool	XXX0003	Varies	Daily	156,828	-
TexPool	XXX0004	Varies	Daily	<u>22,849</u>	<u>-</u>
Total				<u>181,634</u>	<u>-</u>
Capital Projects Fund -					
TexPool	XXX0005	Varies	Daily	<u>24,232</u>	<u>-</u>
Total				<u>24,232</u>	<u>-</u>
Total - All Funds				<u>\$ 223,157</u>	<u>\$ -</u>

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>	
Taxes Receivable, Beginning of Year	\$ -	\$ -	
2022 Original Tax Levy, less abatements	99,642	155,561	
Total to be accounted for	<u>99,642</u>	<u>155,561</u>	
Tax collections:			
Current year	99,642	155,561	
Rollbacks	-	-	
Total collections	<u>99,642</u>	<u>155,561</u>	
Taxes Receivable, End of Year	<u>\$ -</u>	<u>\$ -</u>	
Taxes Receivable, By Tax Years			
Rollbacks	\$ -	\$ -	
2021	-	-	
2022	-	-	
Taxes Receivable, End of Year	<u>\$ -</u>	<u>\$ -</u>	
Property Valuations:	<u>2022</u>	<u>2021</u>	<u>2020</u>
Land and improvements	<u>\$ 34,010,156</u> (a)	<u>\$ 9,079,860</u> (a)	<u>\$ 687,515</u>
Total Property Valuations	<u>\$ 34,010,156</u>	<u>\$ 9,079,860</u>	<u>\$ 687,515</u>
Tax Rates per \$100 Valuation:			
Debt Service tax rates	\$ 0.4145	\$ -	\$ -
Maintenance tax rates	<u>0.2655</u>	<u>0.68</u>	<u>0.68</u>
Total Tax Rates per \$100 Valuation:	<u>\$ 0.6800</u>	<u>\$ 0.68</u>	<u>\$ 0.68</u>
Original Tax Levy	<u>\$ 231,269</u>	<u>\$ 61,743</u>	<u>\$ 4,675</u>
Percent of Taxes Collected to Taxes Levied **	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Maximum Maintenance Tax Approved by Voters:	<u>\$ 1.20 on 11/5/2019</u>		

**Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed to the District's bond offering documents or the District's annual bond disclosure filings.

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
SEPTEMBER 30, 2023

Fiscal Year Ending	Unlimited Tax Road Bonds Series 2022			Total - All Issues		
	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2024	\$ 85,000	\$ 160,655	\$ 245,655	\$ 85,000	\$ 160,655	\$ 245,655
2025	90,000	157,553	247,553	90,000	157,553	247,553
2026	95,000	154,268	249,268	95,000	154,268	249,268
2027	100,000	150,800	250,800	100,000	150,800	250,800
2028	105,000	147,150	252,150	105,000	147,150	252,150
2029	110,000	143,318	253,318	110,000	143,318	253,318
2030	115,000	139,303	254,303	115,000	139,303	254,303
2031	120,000	135,048	255,048	120,000	135,048	255,048
2032	130,000	130,488	260,488	130,000	130,488	260,488
2033	135,000	125,288	260,288	135,000	125,288	260,288
2034	145,000	119,888	264,888	145,000	119,888	264,888
2035	150,000	114,088	264,088	150,000	114,088	264,088
2036	160,000	108,088	268,088	160,000	108,088	268,088
2037	165,000	101,448	266,448	165,000	101,448	266,448
2038	175,000	94,600	269,600	175,000	94,600	269,600
2039	185,000	87,338	272,338	185,000	87,338	272,338
2040	195,000	79,475	274,475	195,000	79,475	274,475
2041	205,000	71,188	276,188	205,000	71,188	276,188
2042	215,000	62,475	277,475	215,000	62,475	277,475
2043	225,000	53,338	278,338	225,000	53,338	278,338
2044	240,000	43,775	283,775	240,000	43,775	283,775
2045	250,000	33,575	283,575	250,000	33,575	283,575
2046	265,000	22,950	287,950	265,000	22,950	287,950
2047	275,000	11,688	286,688	275,000	11,688	286,688
	<u>\$ 3,935,000</u>	<u>\$ 2,447,785</u>	<u>\$ 6,382,785</u>	<u>\$ 3,935,000</u>	<u>\$ 2,447,785</u>	<u>\$ 6,382,785</u>

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2023

	SR2022	Total
Interest Rate	3.65% - 4.25%	
Dates Interest Payable	3/1 ; 9/1	
Maturity Dates	9/1/2047	
Bonds Outstanding at Beginning of Current Fiscal Year	\$ 3,935,000	\$ 3,935,000
Bonds Sold During the Current Fiscal Year	-	-
Retirements During the Current Fiscal Year:		
Principal	-	-
Refunded	-	-
Bonds Outstanding at End of Current Fiscal Year	\$ 3,935,000	\$ 3,935,000
Interest Paid During the Current Fiscal Year	\$ 154,407	\$ 154,407
Paying Agent's Name and Address:	Bank of Texas	
	Dallas, TX	

	Unlimited Tax Bonds*	Refunding Tax Bonds*	Road Bonds*	Refunding Road Bonds*
Amount Authorized by Voters	\$ 41,500,000	\$ 51,875,000	\$ 38,500,000	\$ 48,125,000
Amount Issued	-	-	(3,935,000)	-
Remaining To Be Issued	\$ 41,500,000	\$ 51,875,000	\$ 34,565,000	\$ 48,125,000

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

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2023: \$ 181,634

Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt: \$ 265,949

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
SEPTEMBER 30, 2023

	Amounts					Percent of Fund Total Revenues				
	2023	2022	2021*	2020*	2019*	2023	2022	2021*	2020*	2019*
GENERAL FUND REVENUES:										
Property taxes, including penalties	\$ 99,809	\$ 79,354	\$ 4,675	\$ -	\$ -	99.2%	84.1%	23.8%	-	-
Interest and other	843	-	3	3	-	0.8%	-	-	0.1%	-
Developer advances	-	15,000	15,000	5,000	5,000	-	15.9%	76.2%	99.9%	100.0%
TOTAL GENERAL FUND REVENUES	100,652	94,354	19,678	5,003	5,000	100.0%	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES:										
Operations and management	12,791	13,473	4,650	-	-	12.7%	14.2%	23.6%	-	-
Landscape maintenance	39,168	3,264	-	-	-	38.9%	3.4%	-	-	-
Drainage maintenance	18,092	1,770	-	-	-	18.0%	1.9%	-	-	-
Legal fees	19,383	-	-	-	-	19.3%	-	-	-	-
Engineering fees	12,160	2,700	-	-	-	12.1%	2.9%	-	-	-
Accounting fees	18,800	7,550	4,100	3,400	989	18.7%	8.0%	20.8%	67.9%	19.8%
Audit fees	12,000	-	-	-	-	11.9%	-	-	-	-
Financial advisor fees	300	-	-	-	-	0.3%	-	-	-	-
Tax appraisal/collection fees	508	331	32	-	-	0.5%	0.4%	0.2%	-	-
Public notice	410	300	-	-	-	0.4%	0.3%	-	-	-
Director fees, including payroll taxes	7,105	6,787	5,429	6,139	2,261	7.1%	7.2%	27.6%	122.7%	45.2%
Insurance	4,150	4,057	4,057	-	-	4.1%	4.3%	20.6%	-	-
Bank fees	3,404	2,242	3	3	-	3.4%	2.4%	-	0.1%	-
Other	1,122	924	-	-	-	1.0%	1.0%	-	-	-
TOTAL GENERAL FUND EXPENDITURES	149,393	43,398	18,271	9,542	3,250	148.4%	46.0%	92.8%	190.7%	65.0%
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	\$ (48,741)	\$ 50,956	\$ 1,407	\$ (4,539)	\$ 1,750	-48.4%	54.0%	7.2%	-90.7%	35.0%
DEBT SERVICE FUND REVENUES:										
Interest and other	\$ 10,736	\$ 208	\$ -	\$ -	\$ -	6.4%	0.1%	-	-	-
Property taxes, including penalties	155,822	-	-	-	-	93.6%	0.0%	-	-	-
Bond proceeds	-	171,492	-	-	-	-	99.9%	-	-	-
TOTAL DEBT SERVICE FUND REVENUES	166,558	171,700	-	-	-	100.0%	100.0%	-	-	-
DEBT SERVICE FUND EXPENDITURES:										
Bond interest	154,407	-	-	-	-	92.7%	0.0%	-	-	-
Fiscal agent fees and other	2,293	-	-	-	-	1.4%	0.0%	-	-	-
TOTAL DEBT SERVICE FUND EXPENDITURES	156,700	-	-	-	-	94.1%	0.0%	-	-	-
EXCESS OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	\$ 9,858	\$ 171,700	\$ -	\$ -	\$ -	5.9%	100.0%	-	-	-
TOTAL ACTIVE RETAIL WATER AND WASTEWATER CONNECTIONS	(1)	(1)	(1)	(1)	(1)					

(1) Water and wastewater service to be provided to District customers by Jonah Water Special Utility District and City of Round Rock, respectively.

* Unaudited

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2023**

Complete District Mailing Address:	<u>401 Congress Ave., Suite 2100</u> <u>Austin, TX 78701</u>
District Business Telephone Number:	<u>(512) 370-2931</u>
Submission Date of the most recent District Registration Form TWC Sections 36.054 and 49.054):	<u>November 18, 2022</u>
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	<u>\$7,200*</u>

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	9/30/2023	9/30/2023	Title at Year End
<i>Board Members:</i>						
MITCHELL SCHWARTZ	(Elected) 5/2/2020 - 5/4/2024	\$	1,350	\$	350	President
WILLIAM JAMES MOSLEY	(Elected) 5/7/2022 - 5/2/2026	\$	1,050	\$	117	Vice President
DWAIN HALM	(Elected) 5/7/2022 - 5/2/2026	\$	1,350	\$	233	Secretary
TIM AGEE	(Elected) 5/2/2020 - 5/4/2024	\$	1,350	\$	207	Treasurer / Assistant Secretary
MOSES KIM	(Elected) 5/7/2022 - 5/2/2026	\$	1,500	\$	117	Assistant Secretary
<i>Consultants:</i>						
Winstead PC	8/1/2019	\$	19,792	\$	-	Attorney
Inframark	4/8/2021	\$	22,206	\$	-	Operator
Carlson Brigance & Doering Inc.	8/1/2019	\$	12,160	\$	-	Engineer
Bott & Douthitt, PLLC	8/1/2019	\$	18,500	\$	-	Accountant
McCall Gibson Swedlund Barfoot PLLC	8/10/2022	\$	12,000	\$	-	Auditor
		\$	1,750	\$	-	Bond Related Services
Hilltop Securities Inc.	8/1/2019	\$	-	\$	-	Financial Advisor
Williamson County Tax Collector	6/11/2020	\$	125	\$	-	Tax Collector

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

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**OTHER SUPPLEMENTARY
INFORMATION**

ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2023

Taxpayer	Type of Property	Tax Roll Year		
		2023	2022	2021
KB Home Lone Star Inc.	N/A	\$ 35,044,349	\$ 32,862,392	\$ 8,276,715
Pritchard Trusts et al	N/A	1,708,988	12,153	15,395
Homeowner	N/A	556,368	169,991	-
Spicewood Retail LLC	N/A	535,006	446,821	-
Homeowner	N/A	534,824	147,716	-
Homeowner	N/A	533,697	126,861	-
Homeowner	N/A	533,070	104,965	-
Homeowner	N/A	519,956	83,600	-
Homeowner	N/A	519,563	48,520	-
Homeowner	N/A	519,233	-	-
Salerno Residential Community Inc.	N/A	-	7,137	-
Creek Bend Land Holdings LLC	N/A	-	-	677,330
Lone Mountain Properties LLC	N/A	-	-	86,737
Homeowner	N/A	-	-	22,958
Agee et al	N/A	-	-	725
Total		\$ 41,005,054	\$ 34,010,156	\$ 9,079,860
Percent of Assessed Valuation		33.5%	100.0%	100.0%

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ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2023

Type of Property	Tax Roll Year					
	2023		2022		2021	
	Amount	%	Amount	%	Amount	%
Residential Single Family	\$ 62,116,412	50.8%	\$ -	-	\$ -	-
Vacant Platted Lots	107,920	0.1%	8,427	0.1%	-	-
Real Acreage	7,446,030	6.1%	15,707,945	46.2%	8,976,088	98.9%
Farm and Ranch Improvement	9,521,572	7.8%	9,570,791	28.1%	8,981,927	98.9%
Tangible Personal, Business	73,187	0.1%	42,699	0.1%	-	-
Real Inventory	76,695,040	62.6%	32,221,351	94.7%	-	-
Exemptions/Adjustments	<u>(33,636,348)</u>	<u>-27.5%</u>	<u>(23,541,057)</u>	<u>-69.2%</u>	<u>(8,878,155)</u>	<u>-97.8%</u>
Total	<u>\$ 122,323,813</u>	<u>100.0%</u>	<u>\$ 34,010,156</u>	<u>100.0%</u>	<u>\$ 9,079,860</u>	<u>100.0%</u>

APPENDIX B

General Fund and Operating Budget of the District for the year ending September 30, 2024

RESOLUTION ADOPTING OPERATIONS BUDGET

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1 THAT:

WHEREAS, the Board of Directors of Round Rock Municipal Utility District No. 1 (the "District") has reviewed the projected operating and maintenance expenses and revenues for the district for the period of October 1, 2023 through September 30, 2024 and desires to adopt an operations budget consistent therewith;

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS;

Section 1. That the Operations Budget attached hereto as Exhibit "A" is hereby adopted.


Section 2. That the Secretary of the Board of Directors is hereby directed to file a copy of this Resolution Adopting Operations Budget in the official records of the District.

ADOPTED this 13th day of September, 2023.



Mitchell Schwartz, President

ATTEST:



Dwain K. Halm, Secretary

[DISTRICT SEAL]



EXHIBIT "A"
Operations Budget

Round Rock Municipal Utility District No. 1
Adopted Budget
Fiscal Year 2023 - 2024

	Proposed Budget FY 2023 - 2024	FY 2022- 2023	
		Approved	Expected
Revenues:			
Property Tax Revenue	\$ 584,462	\$ 87,473	\$ 90,513
Developer Advance	-	109,947	109,947
Other Income	-	-	476
Total Revenues	584,462	197,420	200,936
Expenses:			
District Facilities			
Drainage Maintenance	18,000	18,000	12,146
Landscape Maintenance	42,000	40,000	39,375
Operator Fees	18,000	18,000	14,021
Total District Facilities	78,000	76,000	65,542
Administrative Expenses			
Director Fees	14,400	9,720	7,920
Director Reimbursements	1,800	1,800	1,252
Tax Appraisal/Collection Fees	2,000	1,600	791
Insurance	2,500	2,500	2,500
Public Notice	500	500	500
Other / Miscellaneous	3,000	1,800	2,796
Total Administrative Expenses	24,200	17,920	15,759
Professional Fees			
Legal Fees	60,000	60,000	15,000
Financial Advisor Fees	2,500	2,500	2,500
Audit Fees	12,500	10,000	12,000
Bookkeeping Fees	24,800	19,000	19,150
Engineering Fees	15,000	12,000	11,440
Total Professional Fees	114,800	103,500	60,090
Total Expenses	217,000	197,420	141,391
Excess/(Deficiency)	\$ 367,462	\$ -	\$ 59,545

Budget Highlights:

• Assessed Valuation =	\$ 123,826,669
• Tax Rate - M&O =	\$ 0.4720
• Tax Rate - Debt Service =	\$ 0.2080
• Tax Rate - Total =	\$ 0.680
• Collection Rate	100%
• Budgeted M&O Tax Revenues	\$ 584,462

APPENDIX C

Form of Bond Counsel's Opinion

An opinion in substantially the following form will be delivered by Winstead PC, Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

The opinion will be issued on firm letterhead.

_____, 2024

**ROUND ROCK MUNICIPAL UTILITY DISTRICT NO. 1
UNLIMITED TAX UTILITY BONDS, SERIES 2024
IN THE ORIGINAL PRINCIPAL AMOUNT OF \$6,825, 000**

Ladies and Gentlemen:

We have acted as “Bond Counsel” to Round Rock Municipal Utility District No. 1 (the “District”) in connection with the issuance of the bonds described above (the “Bonds”) for the sole purpose of providing legal advice and traditional legal services to the District including rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data, or other material, but we have relied solely upon the transcript of certified proceedings, certifications, and other documents described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds or with respect to the sufficiency of security or marketability of the Bonds. We have relied solely on information and certifications furnished to us by the District with respect to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds that contains certified copies of certain proceedings of the Board of Directors of the District (the “Board”); an order of the Board authorizing the Bonds adopted on April 10, 2024 (the “Order”); the Official Notice of Sale; the awarded bid; the approving opinion of the Attorney General of the State of Texas; customary certificates of officers, agents, and representatives of the District (including a “Federal Tax Certificate”), and other public officials; and other documents relating to the issuance of the Bonds. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the truth and accuracy of the statements contained in such certificates. We have also examined applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations, and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have examined executed Bond No. T-1.

Based on said examination and in accordance with customary legal opinion practice, it is our opinion that:

1. The District is a validly existing political subdivision of the State of Texas with power to adopt the Order, perform its agreements therein, and issue the Bonds.

2. The Bonds have been authorized, sold, and delivered in accordance with law.

3. The Bonds constitute valid and legally binding obligations of the District enforceable in accordance with their terms except as the enforceability thereof may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation, and other similar laws now or hereafter enacted relating to creditors' rights generally.

4. Ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District, necessary to pay the interest on and principal of the Bonds, have been pledged irrevocably for such purpose.

5. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

We call your attention to the fact that the ownership of obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, certain S corporations with Subchapter C earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred expenses allocable to, tax-exempt obligations.

The Service has an ongoing audit program to determine compliance with rules relating to whether interest on state or local obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit is commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

In rendering these opinions, we have relied upon representations and certifications of the District, the District's financial advisor, and the initial purchaser of the Bonds with respect to matters solely within the knowledge of such parties, respectively, which we have not independently verified, and we assume continuing compliance by the District with covenants pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. If such representations and certifications are determined to be inaccurate or incomplete, or the District fails to comply with the foregoing

covenants, interest on the Bonds could become includable in gross income retroactively to the date of issuance of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any other federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on or the acquisition, ownership, or disposition of the Bonds.

The opinions set forth above are based on existing laws of the United States (including statutes, regulations, published rulings, and court decisions) and the State of Texas, which are subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based on our review of existing law, and are made in reliance on the representations and covenants referenced above that we deem relevant to such opinions.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds, the sufficiency of the security for, or the marketability of the Bonds.

This legal opinion expresses the professional judgment of this firm as to the legal issues explicitly addressed therein and is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. In rendering a legal opinion, we do 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 our opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Respectfully submitted,

APPENDIX D

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN