

**OFFICIAL STATEMENT DATED MAY 21, 2024**

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

THE BONDS ARE **NOT** QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

*NEW ISSUE-Book-Entry-Only*

Insured Ratings (AGM): S&P "AA" (stable outlook)  
 Moody's "A1" (stable outlook)  
 Underlying Rating: Moody's "Baa2"  
 See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

**COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A**  
*(A political subdivision of the State of Texas located within Comal County)*

**\$5,450,000**  
**UNLIMITED TAX ROAD BONDS**  
**SERIES 2024**

The bonds described above (the "Bonds") are obligations solely of Comal County Water Improvement District No. 1A (the "District") and are not obligations of the State of Texas, Comal County, the City of New Braunfels, the Master District (as defined herein) or any entity other than the District. The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

**Dated: June 1, 2024**

**Due: March 1, as shown below**

**Interest Accrual Date: Date of Delivery**

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected to be on or about June 20, 2024) (the "Date of Delivery"), and is payable each September 1 and March 1, commencing September 1, 2024, until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

The Bonds will be registered 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 (as herein defined) of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such Beneficial Owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer").

**MATURITY SCHEDULE**

Principal Amount	Maturity (March 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(a)	Principal Amount	Maturity (March 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(a)
\$ 60,000	2026	19981F GH6	5.000 %	3.65 %	***	***	***	***	***
70,000	2027	19981F GJ2	5.000	3.55	\$ 225,000	2040 (c)	19981F GX1	4.000	4.09
80,000	2028	19981F GK9	5.000	3.45	235,000	2041 (c)	19981F GY9	4.000	4.13
90,000	2029	19981F GL7	4.000	3.40	245,000	2042 (c)	19981F GZ6	4.000	4.17
150,000	2030	19981F GM5	4.000	3.40	255,000	2043 (c)	19981F HA0	4.000	4.21
160,000	2031 (c)	19981F GN3	4.000	3.45	265,000	2044 (c)	19981F HB8	4.000	4.24
165,000	2032 (c)	19981F GP8	4.000	3.50	295,000	2045 (c)	19981F HC6	4.000	4.27
175,000	2033 (c)	19981F GQ6	4.000	3.55	425,000	2046 (c)	19981F HD4	4.125	4.29
180,000	2034 (c)	19981F GR4	4.000	3.60	450,000	2047 (c)	19981F HE2	4.125	4.31
190,000	2035 (c)	19981F GS2	4.000	3.65	450,000	2048 (c)	19981F HF9	4.125	4.33
195,000	2036 (c)	19981F GT0	4.000	3.75	450,000	2049 (c)	19981F HG7	4.125	4.35
205,000	2037 (c)	19981F GU7	4.000	3.85					

\$435,000 Term Bonds due March 1, 2039 (c), 19981F GW3 (b), 4.00% Interest Rate, 4.00% Yield (a)

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on or after March 1, 2031, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2030, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

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 upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book- entry form through the facilities of DTC is expected on or about June 20, 2024.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or representation 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, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefor.

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

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

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

## SALE AND DISTRIBUTION OF THE BONDS

### **Award of the Bonds**

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of 97.0051% of the par value thereof which resulted in a net effective interest rate of 4.246027% as calculated pursuant to Chapter 1204, Texas Government Code (the IBA method).

### **Prices and Marketability**

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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 municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

### **Securities Laws**

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

## OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the more 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

*Description...*

Comal County Water Improvement District No. 1A (the “District”) is a political subdivision of the State of Texas. The District was created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating Comal County Master Water Improvement District, Comal County Water Improvement District No. 1A, and Comal County Water Improvement District No. 1B, dated August 11, 2017, and Appointing Directors, in accordance with and pursuant to Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code (the “Act”), effective June 19, 2009, creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution, and operating pursuant to Chapters 49 and 51, Texas Water Code, as amended. The District currently includes approximately 488 acres of land. See “THE DISTRICT.”

*Location...*

The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Oak Run Parkway, approximately one mile east of Texas State Highway 46 and north of Loop 337, which provides access to the City of New Braunfels. See “THE DISTRICT” and “AERIAL LOCATION MAP.”

*Veramendi...*

The District is a part of the approximate 2,445-acre master planned community of Veramendi. Veramendi encompasses seven (7) water improvement districts: The District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1D (“WID 1D”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”). The District, WID 1B, WID 1C, WID 1D, WID 1E, WID 1F, and the Master District are collectively referred to as, the “Veramendi Districts.” Each of the Veramendi Districts has authority to provide water, wastewater, drainage and road facilities as provided by general law and Article XVI, Section 59, Texas Constitution and Article III, Section 52, Texas Constitution. See “THE DISTRICT—Status of Development.”

*The Developer...*

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 939 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development.

The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide, Veramendi PE-Brisbane, Veramendi PE-Cairns, Veramendi PE-Darwin, Veramendi PE-Fremantle and Veramendi PE-Emerald, LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,488 acres in the Veramendi project boundaries from the Landowner, approximately 488 of which are located within the District. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC. See “THE DEVELOPER AND BUILDERS.”

<i>The Builders...</i>	David Weekley Homes, Brightland Homes, Pulte Homes, Scott Felder Homes, Perry Homes, Coventry Homes, and Highland Homes are currently building homes within the District and are collectively referred to herein as the “Builders.” See “THE DEVELOPER AND BUILDERS.”
<i>Status of Development...</i>	The land within the District is being developed primarily as a single-family residential community of Veramendi, currently consisting of 1,007 single-family residential lots on approximately 318 acres. As of April 1, 2024, the District consisted of 628 completed and occupied homes, 199 homes under construction or in a builder’s name, and 180 vacant developed lots available for home construction. According to the Developer and Builders, homes within the District range in sales price from approximately \$400,000 to over \$900,000. In addition, trunk utilities have been constructed to serve an approximately 15 acre tract where a 350 unit multi-family residential community is currently under construction with an expected completion date in the third quarter of 2024; approximately 78 acres of commercial tracts, where two 6,400 square foot office buildings on approximately one acre are complete and occupied, a 10,500 square foot daycare facility is completed and occupied on approximately one acre; approximately 11 acres where a 231 unit independent living facility is under construction with completion expected in the summer of 2025; and approximately 65 acres that remain vacant of taxable improvements. A church has been constructed on approximately 12 acres and Veramendi Elementary School has been constructed by the New Braunfels Independent School District on approximately 16 acres within the District, both of which are exempt from ad valorem taxation. All of the developable land within the District is served with utilities and paving. Approximately 49 acres within the District are undevelopable.  See “THE DISTRICT—Land Use” and “—Status of Development.”
<i>Payment Record...</i>	The District has previously issued \$18,175,000 principal amount of unlimited tax road bonds in four series and \$18,500,000 principal amount of unlimited tax bonds in two series, of which \$35,555,000 principal amount of such bonds collectively remains outstanding (the “Outstanding Bonds”). Twelve (12) months of interest will be capitalized from Bond proceeds. The District has never defaulted on the Outstanding Bonds debt service payments. See “USE AND DISTRIBUTION OF BOND PROCEEDS” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED).”
<i>Water and Wastewater...</i>	New Braunfels Utilities (“NBU”) provides retail water and wastewater services to the District’s residents. See “WATER, WASTEWATER AND DRAINAGE—Utility Agreement Between the District and the City of New Braunfels” and “—Water Supply and Wastewater Treatment.”
<i>Future Debt...</i>	The District has authorized the preparation and submission of a bond application to the TCEQ (defined herein) requesting approval to sell an amount up to \$12,875,000 of unlimited tax bonds. The District expects approval of such application and the sale of such bonds in the fourth quarter of 2024. See “INVESTMENT CONSIDERATIONS—Future Debt.”

## **THE BONDS**

<i>Description...</i>	Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2024, in the aggregate principal amount of \$5,450,000 maturing serially on March 1 in each of the years 2026 through 2037, both inclusive, and in the years 2040 through 2049, both inclusive, and as term bonds maturing on March 1, 2039 (the “Term Bonds”). Interest accrues from the Date of Delivery, at the rates per annum set forth on the cover page hereof, and is payable on September 1, 2024, and each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued as fully registered bonds, pursuant to a resolution authorizing the issuance of the Bonds (the “Bond Resolution”), adopted by the Board of Directors of the District (the “Board”), in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. See “THE BONDS—General.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered 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 (“Registered Owner”). One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”

<i>Redemption...</i>	Bonds maturing on or after March 1, 2031, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2030, 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. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay construction costs outlined herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” to capitalize twelve (12) months of interest, to pay interest on funds that have been advanced by the Developer on behalf of the District; and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds.
<i>Authority for Issuance...</i>	The Bonds are the fifth series of bonds issued out of an aggregate of \$61,500,000 principal amount of unlimited tax bonds authorized by the District’s voters on November 7, 2017, for the purpose of financing road improvements and facilities to the land within its boundaries. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution to be adopted by the Board of Directors of the District, Article III, Section 52 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “INVESTMENT CONSIDERATIONS—Future Debt” and “THE BONDS—Authority for Issuance” and “Issuance of Additional Debt.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds, the Outstanding Bonds, and such additional tax bonds as may hereafter be issued by the District are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE BONDS—Source of and Security for Payment.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond insured rating of “AA” (stable outlook) and Moody’s Investors Service, Inc. (“Moody’s”) has assigned a municipal bond insured rating of “A1” (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. (“AGM”) for the Bonds. Moody’s has also assigned an underlying rating of “Baa2” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Not Qualified Tax-Exempt Obligations...</i>	The Bonds are not designated as “qualified tax-exempt obligations” for financial institutions.
<i>Bond Counsel...</i>	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” and “LEGAL MATTERS.”
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT” AND “PREPARATION OF THE OFFICIAL STATEMENT.”
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A. in Houston, Texas. See “THE BONDS—Method of Payment of Principal and Interest.”

## INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION (UNAUDITED)**

2023 Certified Taxable Assessed Valuation .....	\$305,874,803	(a)
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	\$425,210,360	(b)
Gross Direct Debt Outstanding .....	\$41,005,000	(c)
Estimated Overlapping Debt .....	<u>25,463,592</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt .....	\$66,468,592	
Ratios of Gross Direct Debt to:		
2023 Certified Taxable Assessed Valuation .....	13.41%	
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	9.64%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2023 Certified Taxable Assessed Valuation .....	21.73%	
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	15.63%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of April 16, 2024 .....	\$869,067	(e)
Road Debt Service Fund as of April 16, 2024 .....	1,139,771	(e)
Twelve Months of Capitalized Interest from Bond Proceeds .....	<u>222,319</u>	(f)
Total Funds Available for Debt Service .....	\$2,231,157	
Funds Available in the General Operating Fund as of April 16, 2024 .....	\$682,793	
Funds Available in the Capital Projects Fund as of April 16, 2024 .....	\$493,194	
2023 Debt Service Tax Rate .....	\$0.730	
2023 Maintenance Tax Rate .....	0.064	
2023 Total Tax Rate .....	\$0.794	
Average Annual Debt Service Requirement (2025-2049) .....	\$2,463,076	
Maximum Annual Debt Service Requirement (2027) .....	\$2,655,031	
Tax Rate Required to Pay Average Annual Debt Service (2025-2049) at a 95% Collection Rate		
Based upon 2023 Certified Taxable Assessed Valuation .....	\$0.85	(g)
Based upon Estimated Taxable Assessed Valuation as of March 1, 2024 .....	\$0.61	(g)
Tax Rate Required to Pay Maximum Annual Debt Service (2027) at a 95% Collection Rate		
Based upon 2023 Certified Taxable Assessed Valuation .....	\$0.92	(g)
Based upon Estimated Taxable Assessed Valuation as of March 1, 2024 .....	\$0.66	(g)
Status of Development as of April 1, 2024 (h):		
Total Developed Lots .....	1,007	
Total Completed and Occupied Homes .....	628	
Homes Under Construction or in a Builder's Name .....	199	
Vacant Developed Lots Available for Home Construction .....	180	
Estimated Population .....	2,128	(i)

- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2024, and March 1, 2024, which will be assessed for taxation in the summer of 2025. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2025. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, including the Bonds, and are not available to pay debt service on the District's bonds issued for water, wastewater and drainage facilities. Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on bonds issued for road facilities. Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize twelve (12) months of interest of the Bonds from Bond proceeds and deposit such funds in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on the bonds issued for water, wastewater and drainage facilities.
- (g) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."
- (h) See "THE DISTRICT—Land Use" and "—Status of Development."
- (i) Based upon 3.5 persons per occupied single-family residence.



## OFFICIAL STATEMENT

**\$5,450,000**

### **COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A** *(A political subdivision of the State of Texas located within Comal County)*

### **UNLIMITED TAX ROAD BONDS SERIES 2024**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Comal County Water Improvement District No. 1A (the “District”) of its \$5,450,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and conditions of a resolution (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), Article III, Section 52 of the Texas Constitution, Senate Bill 2464, 81st Texas Legislature, Regular Session, codified at Chapter 9038, Texas Special District Local Laws Code (the “Act”), Chapters 49 and 51 of the Texas Water Code, as amended, an election held within the District on November 7, 2017, and general laws of the State of Texas (“Texas”) relating to the issuance of bonds by political subdivisions of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and certain other information about Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”) and Veramendi Development Company, LLC, a Texas limited liability company and its affiliates (collectively, the “Developer”), David Weekley Homes, Brightland Homes, Perry Homes, Pulte Homes, Scott Felder Homes, Coventry Homes and Highland Homes (collectively, the “Builders”) 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 Allen Boone Humphries Robinson LLP (“Bond Counsel”), 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 upon payment of the costs of duplication therefore.

## THE BONDS

### **General**

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

The Bonds will be dated June 1, 2024 and will accrue interest from the Date of Delivery, with interest payable on each September 1 and March 1 commencing September 1, 2024, until the earlier of maturity or prior redemption. The Bonds mature on March 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

### **Method of Payment of Principal and Interest**

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

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

### **Source of and Security for Payment**

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

The Bonds are obligations of the District and are not the obligations of the State of Texas, Comal County, the City of New Braunfels, the Master District (defined herein) or any entity other than the District.

**Funds**

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

The District also maintains a Water, Sewer and Drainage Debt Service Fund that is not pledged to or available to pay principal and interest on bonds issued to finance road facilities (“Road Bonds”), including the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on bonds issued to finance water, wastewater and drainage facilities (the “Water, Sewer and Drainage Bonds”).

Twelve (12) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Road Capital Projects Fund, to pay the costs of acquiring or constructing road improvements and for paying the costs of issuing the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS” for a more complete description of the use of Bond proceeds.

**Redemption Provisions**

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

<b>\$435,000 Term Bonds</b>	
<b>Due March 1, 2039</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2038	\$215,000
2039 (maturity)	220,000

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

*Optional Redemption:* The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000 on March 1, 2030, or any date thereafter, at a price of par value plus unpaid accrued interest on the principal amounts called for redemption from the most recent Interest Payment Date to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

### **Authority for Issuance**

At a bond election held within the District on November 7, 2017, the voters of the District authorized the issuance of a total of \$61,500,000 principal amount of unlimited tax road bonds for the purpose of financing road improvements and facilities to the land within its boundaries. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, the Act, Chapters 49 and 51 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of the bonds by political subdivisions of the State of Texas.

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

### **Registration and Transfer**

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

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

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

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

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

### **Lost, Stolen or Destroyed Bonds**

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

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

### **Replacement of Paying Agent/Registrar**

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

### **Issuance of Additional Debt**

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have \$37,875,000 principal amount of unlimited tax road bonds for the purposes of financing road improvements and facilities authorized but unissued and \$124,000,000 principal amount of unlimited tax bonds for the purposes of financing water, wastewater and drainage facilities authorized but unissued. The District has authorized but unissued refunding bonds in an amount of \$213,750,000 of bonds or other evidences of indebtedness previously issued by the District for water, wastewater, and drainage facilities and refunding bonds in an amount of \$92,250,000 of bonds or other evidences of indebtedness previously issued by the District for road improvements and facilities. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS—Future Debt."

After approval by the District's voters, the City of New Braunfels and the Texas Commission on Environmental Quality (the "TCEQ"), the District also has the power to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

The issuance of additional debt for any of the above-described purposes and the levy of taxes to pay debt service on such debt could dilute the investment security for the Bonds.

### **No Arbitrage**

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

### **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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

### **Annexation by the City of New Braunfels**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels. Generally, the District may be annexed by the City of New Braunfels without the District's consent, and the City of New Braunfels cannot annex territory within the District unless it annexes the entire District; however, the City of New Braunfels may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City of New Braunfels and Comal County Water Improvement District No. 1 specifying the procedures for full purpose annexation of all or a portion of land within the District. Full purpose annexation by the City of New Braunfels of land within the District's boundaries is governed by that certain Strategic Partnership Agreement, approved February 25, 2013, between Comal County Water Improvement District No. 1 and the City

of New Braunfels and the Development Agreement between the City of New Braunfels and Comal County Water Improvement District No. 1, which prohibits annexation, unless and until the earlier of (1) the expiration or termination of the Development Agreement, or (2) the 15<sup>th</sup> anniversary of the District's confirmation election, or (3) the 30<sup>th</sup> anniversary following the earlier date of the Development Agreement, or (4) at least 90% of the public improvements in the District have been constructed, provided, however, the City of New Braunfels first assumes all obligations and performs all actions required by Sections 43.0715 and 43.075 of the Texas Local Government Code.

If the District is annexed, the City of New Braunfels will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of New Braunfels is a policy-making matter within the discretion of the Mayor and City Council of the City of New Braunfels, and therefore, the District makes no representation that the City of New Braunfels will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of New Braunfels to make debt service payments should annexation occur.

### **Remedies in Event of Default**

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

### **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

### **Defeasance**

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing

the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

### **BOOK-ENTRY-ONLY SYSTEM**

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by LJA Engineering, Inc., the District’s engineer (the “Engineer”). Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors LLC (the “Financial Advisor”). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

### CONSTRUCTION COSTS

· Veramendi, 14-1 Streets .....	\$	89,183
· Veramendi, 14-2 Streets .....		1,136,203
· Veramendi, 14-3 Streets .....		742,362
· Veramendi, 14-4 Streets .....		694,238
· Word Parkway Phase 2 Streets .....		1,053,522
· Oak Run Phase 3 Streets .....		557,482
<b>Total Construction Costs .....</b>	<b>\$</b>	<b>4,272,990</b>

### NON-CONSTRUCTION COSTS

· Underwriter’s Discount (a) .....	\$	163,220
· Capitalized Interest (12 Months) (a) .....		222,319
· Developer Interest .....		422,727
<b>Total Non-Construction Costs .....</b>	<b>\$</b>	<b>808,265</b>

### ISSUANCE COSTS AND FEES

· Issuance Costs and Professional Fees .....	\$	310,083
· Engineering Costs .....		30,000
· State Regulatory Fees (Attorney General) .....		5,450
· Contingency (a) .....		23,212
<b>Total Issuance Costs and Fees .....</b>	<b>\$</b>	<b>368,745</b>

**TOTAL BOND ISSUE .....** **\$ 5,450,000**

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(a) Contingency represents the difference in the estimated and actual amounts of Underwriter’s discount and capitalized interest.



## VERAMENDI

The District is a part of an approximate 2,445 acre master planned community of Veramendi. Veramendi encompasses seven (7) water control and improvement districts: the District, Comal County Master Water Improvement District (the “Master District”), Comal County Water Improvement District No. 1B (“WID 1B”), Comal County Water Improvement District No. 1C (“WID 1C”), Comal County Water Improvement District No. 1D (“WID 1D”), Comal County Water Improvement District No. 1E (“WID 1E”), and Comal County Water Improvement District No. 1F (“WID 1F”). The District, the Master District, WID 1B, WID 1C, WID 1D, WID 1E, and WID 1F are collectively referred to as the “Veramendi Districts.” Each of the Veramendi Districts has authority to provide water, wastewater, drainage and road facilities as provided by general law and Section 59, Article XVI, Texas Constitution, and Section 52, Article III, Texas Constitution, that relate to the construction, acquisition, improvement, operation, or maintenance of roads.

## THE DEVELOPER AND BUILDERS

### Role of a Developer

In general, the activities of a landowner or developer in a water control and improvement district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas being financed with bond proceeds, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the majority 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.

### The Developer

Word-Borchers Ranch Real Estate Limited Partnership, a Texas limited partnership (the “Landowner”), initially owned all of the approximately 2,445 acres within the Veramendi project boundaries. The Landowner currently owns approximately 939 acres of undeveloped land within the Veramendi project boundaries, none of which is located within the District boundaries. The Landowner is a landholding company and does not participate in any type of development. The developer, Veramendi Development Company, LLC, a Texas limited liability company, (“VDCo”) has an exclusive option to purchase, via VDCo Affiliates (defined below), all of the land within the Veramendi project boundaries from the Landowner. The current VDCo Affiliates are Veramendi PE-Adelaide, Veramendi PE-Brisbane, Veramendi PE-Cairns, Veramendi PE-Darwin, Veramendi PE-Fremantle and Veramendi PE-Emerald, LLC. To date, VDCo or VDCo Affiliates have purchased approximately 1,488 acres in the Veramendi project boundaries from the Landowner, approximately 488 of which are located within the District. VDCo and each of the VDCo Affiliates (collectively the “Developer”) is owned equally by ASA Properties LLC, a Texas limited liability company and Word Borchers Investor Partner Ltd., a Texas limited partnership. ASA Properties LLC is the sole manager of Veramendi Development Company, LLC and Peter James is the President of ASA Properties LLC.

The Developer has sold land to David Weekley Homes, Brightland Homes (formerly Gehan Homes), Pulte Homes, Scott Felder Homes, and Vista Alta, each of which has developed lots on their acreage, including financing the cost of such lot construction. The Developer has retained the right to receive proceeds from the sale of bonds issued to finance the development of such lot construction by David Weekley Homes, Brightland Homes, Pulte Homes, Scott Felder Homes, and Vista Alta.

The Developer and Builders have constructed utilities to serve 588 lots and 419 lots, respectively, on approximately 318 total acres, which have been sold to the Builders. The developer has sold an additional approximately 12 acres of land to a church, approximately 16 acres to New Braunfels Independent School District, approximately 15 acres to a multi-family developer for a multi-family unit currently under construction and approximately 13 acres for commercial development (assisted living facility under construction and two completed and occupied office buildings ). See “THE DISTRICT—Status of Development.”

The Developer continues to own approximately 65 developable acres of commercial tracts that are provided with trunk utilities.

### The Builders

Homebuilders active within the District include Brightland Homes, Coventry Homes, David Weekley Homes, Highland Homes, Perry Homes, Pulte Homes and Scott Felder Homes and are collectively referred to herein as the “Builders.”

All of the financing for development by the Builders is being provided by the Builders or affiliates of the Builders. Each Builder’s ability to develop lots within the District and to build single-family residential homes is dependent on continued receipt of funds solely from such Builder or its affiliates.

According to the Developer, all of the Builders are actively marketing and selling homes in each of their respective residential sections in the District.

### **Obligations of the Developer and Builders**

Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. Neither the Developer nor the Builders nor any affiliates of the Developer or the Builders have any legal commitment to the District or the holders of the Bonds to continue development of land within the District. See “INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers.”

Failure to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property.

## **THE DISTRICT**

### **General**

The District is a political subdivision of the State of Texas. The District was created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating the Master District, the District and WID 1B and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to the Act creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operating pursuant to Chapters 49 and 51, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and the construction of roads, among other things. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District is subject to the continuing supervision of the TCEQ.

The District is required to observe certain requirements of the City of New Braunfels which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, road and firefighting facilities and the refunding of outstanding debt obligations; require approval by the City of New Braunfels of District construction plans; and permit connections only to lots and reserves described in plats which have been approved by the City of New Braunfels and filed in the real property records of Comal County, Texas. The District is also required to obtain TCEQ approvals prior to acquiring, constructing and financing water, wastewater, drainage, recreation and fire-fighting facilities. See “WATER, WASTEWATER AND DRAINAGE—Regulation.”

### **Description and Location**

The District is located in Comal County, approximately 33 miles northeast of San Antonio, Texas and within the extraterritorial jurisdiction of the City of New Braunfels and within the New Braunfels Independent School District. The District is located on either side of Oak Run Parkway, approximately one mile east of Texas State Highway 46 and north of Loop 337, which provides access to the City of New Braunfels. See “AERIAL LOCATION MAP” herein.

**Land Use**

The following table has been provided by the Engineer and the Developer and represents the current land use within the District.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Veramendi, Section 13, Units 1-7	110	393
Veramendi, Section 14, Units 1-4	128	323
Veramendi, Section 15A, Units 1-4	50	230
Veramendi, Section 15B, Units 1 & 2	<u>30</u>	<u>61</u>
Subtotal.....	318	1,007
<i>Commercial Tracts (a)</i> .....	67	---
<i>Multi-Family (b)</i> .....	15	---
<i>Independent Living Facility (c)</i> .....	11	---
<i>School Site</i> .....	16	---
<i>Church (Tax-exempt)</i> .....	12	---
<i>Future Development</i> .....	0	---
<i>Undevelopable (d)</i> .....	<u>49</u>	<u>---</u>
District Total.....	488	1,007

- (a) See “Status of Development—Commercial/Tax-Exempt Development” below.
- (b) A 350 unit apartment community is currently under construction with an expected completion date in the third quarter of 2024. See “Status of Development” below.
- (c) A 231-unit independent living facility is currently under construction with an expected completion date in summer 2025. See “—Status of Development—Commercial/Tax-Exempt” below.
- (d) Consists of street easements, drainage detention, parks and recreation space and utility sites.

**Status of Development**

***Single Family Residential:*** The development in the District currently includes 1,007 single-family residential lots on approximately 318 acres. As of April 1, 2024, the District consisted of 628 completed and occupied homes, 199 homes under construction or in a builder’s name, and 180 vacant developed lots available for home construction. According to the Developer and Builders, new homes within the District range in price from approximately \$400,000 to over \$900,000. The estimated population within the District is 2,128 based upon 3.5 persons per occupied single-family residence. See “THE DEVELOPER AND BUILDERS—The Builders.”

***Multi-Family Residential:*** Approximately 15 acres have been developed for multi-family residential use where a 350 unit apartment community is currently under construction with an expected completion date in the third quarter of 2024.

***Commercial/Tax Exempt Development:*** Approximately 78 acres have been served with trunk facilities for commercial development, where two 6,400 square foot office buildings are complete and occupied on approximately one acre and a 10,500 square foot daycare facility is complete and occupied on approximately one acre. A 231-unit independent living facility is under construction on approximately 11 acres with completion expected in summer of 2025. A church has been constructed on approximately 12 acres and New Braunfels Independent School District has constructed an elementary school on an additional approximately 16 acres, both of which are exempt from ad valorem taxation. Approximately 65 developable acres have been provided with trunk utilities; however, no taxable improvements have been constructed.

## 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 on the first Saturday of May of even numbered years. All of the Board members own land within the District subject to a note and deed of trust in favor of the Developer. The current members and officers of the Board along with their titles and terms are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Donnie Shaw	President	May 2028
Elizabeth Preston	Vice President	May 2026
George Nevitt	Secretary	May 2028
Robert E. Whitley	Assistant Secretary	May 2026
Tracy Byrne	Assistant Secretary	May 2028

### **District Consultants**

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

*Bond Counsel and General Counsel:* Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

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

*Auditor:* The financial statements of the District as of June 30, 2023, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC (the "Auditor"), independent auditors, as stated in their report appearing herein. See "APPENDIX A."

*Engineer:* The District's engineer is LJA Engineering, Inc.

*Tax Appraisal and Collections:* The Comal Appraisal District has the responsibility of appraising all property within the District. Taxes are collected by the Comal County Tax Collector. See "TAXING PROCEDURES" and "Tax Consultant" below.

*Tax Consultant:* The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Services, LLC has been employed by the District to service in this capacity.

*Bookkeeper:* The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

*Disclosure Counsel:* McCall, Parkhurst & Horton L.L.P. serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fees paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

## ROAD SYSTEM

The road system (the "Roads") serves the residents of the District by providing access to major arterials and collectors within Veramendi and the surrounding area. The internal subdivision streets provide access to several collectors including Oak Run Parkway, Geneva Street, and Borchers Boulevard. These internal streets and collectors convey the residents of the District to the major thoroughfares of State Highway Loop 337 and State Highway 46 and ultimately to Interstate Highway 35. All Roads are owned and maintained by Comal County. Proceeds of the Bonds will be used to reimburse the Developer for road improvements in the District.

## **WATER, WASTEWATER AND DRAINAGE**

### **Utility Agreement Between the District and the City of New Braunfels**

Customers of the District receive water and wastewater service from New Braunfels Utilities (“NBU”), a municipally owned utility with exclusive management and control of the water and sewer systems serving the City of New Braunfels, (“NBU”) as standard NBU customers pursuant to a Utility Agreement, dated February 25, 2013, between Comal County Water Improvement District No. 1 and NBU (the “Utility Agreement”). As a condition of such service, the Utility Agreement obligates the District to acquire, construct, and extend water and sanitary sewer facilities (the “System”) to serve land within the District and, when completed in accordance with approved plans and specifications, to convey title to the System to NBU. NBU then operates and maintains the System, and is responsible for establishing water and sewer rates and billing and collecting for such services. The components of the System which serve only the District (the “Internal Facilities”) are acquired, constructed and extended by the District and the components of the System that serve the Service Area, as defined below, are acquired, constructed and extended by the Master District, as defined below.

The District has agreed to extend the System to serve future users as necessary so that ultimately all landowners in the District will be in a position to receive services from the System; however, the District’s obligation to extend the System is conditioned upon continued development within the District, the City of New Braunfels’ performance under the provisions of the Utility Agreement, and satisfaction of certain determinations of economic feasibility by the Board of Directors of the District and the TCEQ, and TCEQ approval and the ability of the District to sell bonds.

### **Water Supply and Wastewater Treatment**

Water supply for the District is currently provided by NBU which operates 8,000,000 gallon per day (“gpd”) surface water treatment plant located along Gruene Road south of Loop of 337.

Wastewater treatment for the District is currently provided by NBU through the Gruene Wastewater Treatment Plant located at Gruene Loop Road at the Guadalupe River which has a capacity of 1,100,000 gallons per day (“gpd”).

The District, through its agreement with NBU, has sufficient water and wastewater capacity to serve all development proposed within the District.

### **Water Distribution, Wastewater, Collection and Storm Drainage**

Water distribution, wastewater collection and storm drainage facilities have been constructed by the District to serve 1,007 single family residential lots, approximately 78 acres of commercial tracts, 15 acres for a multi-family residential development, an approximate 16 acre school site and approximately 12 acres for a church. See “THE DISTRICT—Land Use.”

### **The Master District**

Comal County Master Water Improvement District (the “Master District”) is a political subdivision of the State of Texas, created pursuant to an Order Dividing Comal County Water Improvement District No. 1, Establishing Terms of Division, Creating the Master District, the District and WID 1B and Appointing Directors, dated August 11, 2017, in accordance with and pursuant to the Act creating Comal County Water Improvement District No. 1, as a conservation and reclamation district created under and essential to accomplish the purposes of Article III, Section 52, and Article XVI, Section 59, of the Texas Constitution, and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The Master District serves as a provider of the regional water delivery facilities, the regional wastewater collection facilities and the regional drainage and detention facilities (collectively, the “Master District Facilities”) to the approximate 2,445 acre Service Area (the “Service Area”), which includes the following water improvement districts: the District, WID 1B, WID 1C, WID 1D, WID 1E and WID 1F (collectively, the “WIDs”)The District executed a Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, and Drainage Facilities (the “Master District Contract”) with the Master District on February 14, 2020, as amended. Each of the other WIDs has also executed the Master District Contract.

Currently, the District, WID 1D and WID 1F have been designated as the “Participants” by the Master District, based on active development within their boundaries, receipt of services provided by Master District Facilities, and in accordance with the terms of the Master District Contract. The remaining WIDs are expected to be designated by the Master District as “Participants” under the Master District Contract in the future, however the Master District cannot determine a date at this time when any of the other WIDs will become a Participant under the Master District Contract.

The Master District Contract provides that the Master District can issue Contract Revenue Bonds (as defined in “INVESTMENT CONSIDERATIONS—Master District Debt and Contract Tax”). The Master District Contract provides that, once designated, each Participant shall pay a pro rata share of debt service on the Contract Revenue Bonds based upon each Participant’s Certified Appraised Valuation as a percentage of the Certified Appraised Valuation of all the Participants, calculated annually (the “Contract Payments”). Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of annual ad valorem tax without legal limit as to rate or amount (the “Contract Tax”), including the revenues from any other legally available funds. The Contract Tax will consist of a tax for the payment of debt service on the Contract Revenue Bonds. The Contract Payments may be calculated to include the charges and expenses of paying agents,

registrars and trustees utilized in connection with the Contract Revenue Bonds, the principal, interest and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution or indenture of trust. Contract Payments will be calculated annually by the Master District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant. In April of 2024 the Master District sold its first issue of Contract Revenue Bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities in the amount of \$6,500,000 and expects to issue such bonds in May 2024. The Master District has authorized an application to the TCEQ requesting approval to sell approximately \$3,200,000 principal amount of Contract Revenue Bonds and expects approval and the sale of such bonds in the fourth quarter of 2024.

The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions. The Developer on behalf of the Master District constructed and the Master District operates the regional stormwater facility known as Bleiders Creek Dam and other regional drainage and detention facilities serving the Service Area. The regional water and sanitary sewer facilities constructed by the Master District pursuant to the Master District Contract have been or are anticipated to be conveyed to New Braunfels Utilities (“NBU”) upon completion and acceptance by NBU. After completion and acceptance of the regional water supply and distribution facilities and wastewater collection facilities, NBU will own, operate, and maintain such facilities as the retail provider of water and wastewater treatment service to residents living in the Service Area, including those residents living in the Participants, pursuant to the Utility Agreement. Any internal facilities not constructed pursuant to the Master District Contract are expected to be financed with unlimited tax bonds sold by each of the Participants.

It is anticipated that the Master District Facilities will be constructed in stages to meet the needs of the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Service Area, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide it with service, and convey such Master District Facilities to the Master District (or to NBU, as applicable) in consideration of payment by the Master District of the actual and reasonable necessary capital costs expended by it for such Master District Facilities.

Each Participant is further obligated to pay monthly charges to the Master District for services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay its share of operation and maintenance expenses, to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses, and to pay debt service requirements on the Contract Revenue Bonds, as necessary. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense, reserve requirements, and debt service requirements, if any, calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” The Master District intends to prepare a budget no later than forty-five days prior to the end of its fiscal year, June 30, showing all of the anticipated foregoing expenses and bill each Participant’s share. The Master District anticipates the funding of the operation and maintenance expenses reserve to be funded monthly, with the Master District billing the Participants at a rate equal to one hundred fifty percent (150%) of the Participant’s share of budgeted monthly charges until such a time the Master District’s reserve requirements have been fully funded. Each Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to it on the first day of the previous month by unit cost per equivalent single-family residential connection. The Master District intends to assess to each Participant its monthly charge following the adoption of the Master District budget at the beginning of each budget period, beginning June 30, 2024, and following the deemed approval of each Participant. Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees, and charges, together with taxes levied and funds received from other lawful sources, sufficient at all times to pay the monthly charges assessed by the Master District to each Participant. The Master District does not expect that revenues from the Participants’ monthly charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds.

Pursuant to the Master District Contract each Participant is obligated to levy and annually assess and collect a continuing, direct ad valorem tax on all taxable property within the boundaries of the Participant to make timely payment to the Master District of all charges required under the Master Contract, including such amounts sufficient at all times to pay operation and maintenance charges of the Master District, and to pay the Participant’s pro rata share of the funds needed by the Master District to pay debt service requirements on the Master District’s Contract Revenue Bonds issued pursuant to the Master Contract. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid by such Participants without set off, counterclaim, abatement, suspension or diminution and the Master District Contract shall not terminate, nor shall the Participants have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor shall the obligations of the Participants under the Master District Contract be otherwise affected for any reason.

The Master District Contract obligates the Master District to provide notices to the Participants (and other Districts within the Service Area) of its intent to issue Contract Revenue Bonds. The Master District has timely provided such notices of its intent to issue bonds in accordance with the terms of the Master District Contract.

## **Flood Protection**

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater New Braunfels area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, none of the developed land within the District is within the 100-year flood plain.

## **Regulation**

Construction and operation of the District’s water, wastewater and storm drainage 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. Comal County, the City of New Braunfels, and the Texas Department of Health also exercise regulatory jurisdiction over the District’s water, wastewater and storm drainage facilities.

**General Fund Summary**

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District's general fund are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds, at the discretion and upon action of the Board. The District is provided with water and sewer services by NBU as described under "WATER, WASTEWATER AND DRAINAGE." Consequently, the District's general fund is used primarily for administrative expenses of the District and is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds.

The following statement sets forth in condensed form the historical results of operation of the District's General Fund as derived from the District's audited financial statements for the fiscal years ended June 30, 2020 through June 30, 2023, and unaudited results as provided by the Bookkeeper for the nine month period ending March 31, 2024. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Unaudited 3/31/2024	Fiscal Year Ended			
		6/30/2023	6/30/2022	6/30/2021	6/30/2020
<b>Revenues:</b>					
Property Taxes	\$ 196,091	\$ 302,471	\$ 314,470	\$ 112,867	\$ 73,668
Penalty and Interest	10,162	5,645	52	3,150	559
<b>Total Revenue</b>	<b>\$ 206,253</b>	<b>\$ 308,116</b>	<b>\$ 314,522</b>	<b>\$ 116,017</b>	<b>\$ 74,227</b>
<b>Expenditures:</b>					
Professional Fees	\$ 147,818	\$ 101,810	\$ 61,649	\$ 52,658	\$ 77,917
Contracted Services		10,451	10,157	11,151	5,120
Administrative	2,770	6,645	14,796	12,427	10,582
Other	8,996	13,759	-	-	-
<b>Total Expenditures</b>	<b>\$ 159,584</b>	<b>\$ 132,665</b>	<b>\$ 86,602</b>	<b>\$ 76,236</b>	<b>\$ 93,619</b>
<b>NET REVENUES</b>	<b>\$ 46,669</b>	<b>\$ 175,451</b>	<b>\$ 227,920</b>	<b>\$ 39,781</b>	<b>\$ (19,392)</b>
Other Sources of Revenue	\$ 146	\$ 8,170 (a)	\$ 36,116 (b)	\$ 33,005 (b)	\$ 94,279 (b)
General Operating Fund					
Balance (Beginning of Year)	\$ 587,949	\$ 404,328	\$ 140,292	\$ 67,506	\$ (7,381)
General Operating Fund					
Balance (End of Year)	<u>\$ 634,764</u>	<u>\$ 587,949</u>	<u>\$ 404,328</u>	<u>\$ 140,292</u>	<u>\$ 67,506</u>

(a) Interfund transfer.  
(b) Developer advance.



## FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2023 Certified Taxable Assessed Valuation .....	\$305,874,803	(a)
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	\$425,210,360	(b)
Gross Direct Debt Outstanding .....	\$41,005,000	(c)
Estimated Overlapping Debt .....	<u>25,463,592</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt .....	\$66,468,592	
Ratios of Gross Direct Debt to:		
2023 Certified Taxable Assessed Valuation .....	13.41%	
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	9.64%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2023 Certified Taxable Assessed Valuation .....	21.73%	
Estimated Taxable Assessed Valuation as of March 1, 2024 .....	15.63%	
Funds Available for Debt Service:		
Water, Sewer and Drainage Debt Service Fund as of April 16, 2024 .....	\$869,067	(e)
Road Debt Service Fund as of April 16, 2024 .....	1,139,771	(e)
Twelve Months of Capitalized Interest from Bond Proceeds .....	<u>222,319</u>	(f)
Total Funds Available for Debt Service .....	\$2,231,157	
Funds Available in the General Operating Fund as of April 16, 2024 .....	\$682,793	
Funds Available in the Capital Projects Fund as of April 16, 2024 .....	\$493,194	

- (a) As certified by the Comal Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects increases in value occurring between January 1, 2024, and March 1, 2024. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District for purposes of taxation on January 1, 2025, and provided to the District in the summer of 2025. See "TAXING PROCEDURES."
- (c) After issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (e) Funds in the Road Debt Service Fund are available to pay debt service on the bonds issued for road facilities, including the Bonds, and are not available to pay debt service on the District's bonds issued for water, wastewater and drainage facilities. Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the bonds issued for water, wastewater and drainage facilities and are not available to pay debt service on bonds issued for road facilities. Neither Texas law nor any bond resolution requires the District to maintain any minimum balance in the debt service funds.
- (f) The District will capitalize twelve (12) months of interest on the Bonds from Bond proceeds and deposit such funds in the Road Debt Service Fund.

### Investments of the District

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

### Outstanding Bonds

The District has previously issued four series of unlimited tax road bonds totaling \$18,175,000 and two series of unlimited tax water, sewer and drainage bonds totaling \$18,500,000, of which \$35,555,000 is collectively outstanding as of the date hereof (the "Outstanding Bonds"). The following table lists the original principal amount of the bonds issued by the District and the Outstanding Bonds.

Series	Original Principal Amount	Outstanding Bonds
2020 (a)	\$ 3,150,000	\$ 2,930,000
2021	6,000,000	5,760,000
2022 (a)	6,900,000	6,620,000
2022A (a)	5,125,000	4,975,000
2022	12,500,000	12,270,000
2023 (a)	<u>3,000,000</u>	<u>3,000,000</u>
Total	\$ 36,675,000	\$ 35,555,000

- (a) Unlimited Tax Road Bonds.

**Debt Service Requirements**

The following sets forth the debt service on the Outstanding Bonds and the Bonds. The schedule below does not take into account the fact the District will capitalize twelve (12) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2024	\$ 1,480,553.12 (a)		\$ 43,846.20	\$ 43,846.20	\$ 1,524,399.32
2025	2,372,784.38		222,318.75	222,318.75	2,595,103.13
2026	2,335,546.88	\$ 60,000	220,818.75	280,818.75	2,616,365.63
2027	2,367,462.50	70,000	217,568.75	287,568.75	2,655,031.25
2028	2,320,909.38	80,000	213,818.75	293,818.75	2,614,728.13
2029	2,295,912.50	90,000	210,018.75	300,018.75	2,595,931.25
2030	2,274,053.13	150,000	205,218.75	355,218.75	2,629,271.88
2031	2,251,931.25	160,000	199,018.75	359,018.75	2,610,950.00
2032	2,232,875.00	165,000	192,518.75	357,518.75	2,590,393.75
2033	2,221,587.50	175,000	185,718.75	360,718.75	2,582,306.25
2034	2,208,762.50	180,000	178,618.75	358,618.75	2,567,381.25
2035	2,189,500.00	190,000	171,218.75	361,218.75	2,550,718.75
2036	2,178,646.88	195,000	163,518.75	358,518.75	2,537,165.63
2037	2,175,256.25	205,000	155,518.75	360,518.75	2,535,775.00
2038	2,154,887.50	215,000	147,118.75	362,118.75	2,517,006.25
2039	2,142,750.00	220,000	138,418.75	358,418.75	2,501,168.75
2040	2,128,690.63	225,000	129,518.75	354,518.75	2,483,209.38
2041	2,117,240.63	235,000	120,318.75	355,318.75	2,472,559.38
2042	2,103,206.25	245,000	110,718.75	355,718.75	2,458,925.00
2043	2,081,893.75	255,000	100,718.75	355,718.75	2,437,612.50
2044	2,073,287.50	265,000	90,318.75	355,318.75	2,428,606.25
2045	2,062,331.25	295,000	79,118.75	374,118.75	2,436,450.00
2046	1,833,900.00	425,000	64,453.13	489,453.13	2,323,353.13
2047	1,820,937.50	450,000	46,406.25	496,406.25	2,317,343.75
2048	1,290,762.50	450,000	27,843.75	477,843.75	1,768,606.25
2049	1,291,650.00	450,000	9,281.25	459,281.25	1,750,931.25
Total	\$ 54,007,318.75	\$ 5,450,000.00	\$ 3,643,974.32	\$ 9,093,974.32	\$63,101,293.07

(a) Excludes the District’s March 1, 2024 debt service payment in the amount of \$923,459.

Average Annual Debt Service Requirements (2025-2049) .....	\$2,463,076
Maximum Annual Debt Service Requirement (2027) .....	\$2,655,031

**Estimated Overlapping Debt**

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

	Outstanding		Overlapping	
	Bonds	As of	Percent	Amount
Comal County	\$ 103,435,000	3/31/2024	0.869%	\$ 899,199
New Braunfels Independent School District	513,527,000	3/31/2024	3.711%	19,058,243
Comal County Master Water Improvement District	6,500,000 (a)	3/31/2024	84.710%	5,506,150
Total Estimated Overlapping Debt				\$ 25,463,592
The District	41,005,000	(b)		41,005,000
Total Direct and Estimated Overlapping Debt				\$ 66,468,592

Direct and Estimated Overlapping Debt as a Percentage of:

2023 Certified Taxable Assessed Valuation .....	21.73%
Estimated Taxable Assessed Valuation as of March 1, 2024 of \$425,210,360.....	15.63%

- (a) The Master District expects to issue its first series of contract revenue bonds in the principal amount of \$6,500,000 in May 2024.
- (b) Includes the Bonds and the Outstanding Bonds.

**Overlapping Taxes**

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

Set forth below are the taxes levied for the 2023 tax year by all entities overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable Assessed Valuation
Comal County	\$ 0.226200
New Braunfels Independent School District	1.041900
Emergency Services District No. 7	0.051831
Total Overlapping Tax Rate	\$ 1.319931
The District (a)	0.794000
Total Overlapping Tax Rate	\$ 2.113931

- (a) See “TAX DATA—Debt Service Tax” and “—Maintenance and Operations Tax.”

## TAX DATA

### Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, the tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Tax Rate Distribution” and “Tax Roll Information” below.

### Contract Tax

The Master District has the statutory authority and voter authorization of each of the Participants currently participating in the Master District Contract, including the District, to issue Contract Revenue Bonds. Each of the Participants’ pro rata share of the debt service requirements on the Contract Revenue Bonds is determined by dividing each Participant’s certified appraised value by the total of all the Participants’ certified appraised valuation. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of an annual unlimited contract tax, or from any other legally available funds. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s Contract Revenue Bonds are issued. The District expects to levy its initial contract tax in 2024. See “INVESTMENT CONSIDERATIONS—Overlapping Master District Debt and Contract Tax” and “WATER, WASTEWATER AND DRAINAGE—The Master District.”

### Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted November 7, 2017, and voters of the District authorized the Board, among other things, to levy a maintenance tax at a rate not to exceed \$1.20 per \$100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

### Tax Rate Distribution

	2023	2022	2021	2020	2019
Debt Service Tax	\$0.730	\$ 0.640	\$0.450	\$0.510	\$ -
Maintenance Tax	0.064	0.154	0.344	0.284	0.794
Contract Tax (a)	-	-	-	-	-
Total District Tax Rate	\$0.794	\$ 0.794	\$0.794	\$0.794	\$0.794

(a) The District expects to levy its initial contract tax in 2024.

### Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from the Tax Consultant. Reference is made to such statements and records for further and complete information. See “Tax Roll Information” below.

	Certified Taxable			Total Collections		
	Assessed			Tax	As of March 31, 2024 (b)	
	Valuation (a)			Rate	Total Tax Levy	Amount
2019	9,065,520	0.794	\$ 100,983	\$ 99,547	98.58%	
2020	39,955,871	0.794	324,832	315,501	97.13%	
2021	88,189,684	0.794	712,018	701,380	98.51%	
2022	193,619,144	0.794	1,535,901	1,527,294	99.44%	
2023	305,874,803	0.794	2,428,646	2,307,443	95.01%	

(a) As certified by the Appraisal District.

(b) Unaudited.

**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.” The following represents the composition of property comprising the 2019 through 2023 Certified Taxable Assessed Valuations. A breakdown of the Estimated Taxable Assessed Valuation as of March 1, 2024 is not currently available from the Appraisal District.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Uncertified Value	Net Assessed Valuation
	Land	Improvements	Personal Property				
2019	18,631,259	54,241	-	18,685,500	(9,619,980)	-	9,065,520
2020	30,623,190	13,318,708	280,380	44,222,278	(4,266,407)	-	39,955,871
2021	66,236,937	51,258,366	122,727	117,618,030	(29,428,346)	-	88,189,684
2022	102,522,526	122,690,414	314,100	225,527,040	(31,907,896)	-	193,619,144
2023	145,803,310	221,837,803	591,880	368,232,993	(62,358,190)	-	305,874,803

**Principal Taxpayers**

The following table represents the ten principal taxpayers and their taxable appraised value as a percentage of the 2023 Certified Taxable Assessed Valuation of \$305,874,803. This represents ownership as of January 1, 2023. An accurate principal taxpayer list related to the Estimated Taxable Assessed Valuation as of March 1, 2024, of \$425,210,360 is not available.

Taxpayer	2023 Certified Taxable Assessed Valuation	% of 2023 Certified Taxable Assessed Valuation
Perry Homes (a)	\$ 12,280,080	4.01%
Vista Alta Del Veramendi LLC (b)	8,760,000	2.86%
Scott Felder Homes LLC (a)	8,730,680	2.85%
Veramendi PE-Brisbane LLC (c)	7,049,114	2.30%
Veramendi PE-Darwin LLC (c)	5,726,487	1.87%
Highland Homes-San Antonio LLC (a)	3,539,900	1.16%
Weekley Homes LLC (a)	3,210,665	1.05%
Abbey-Veramendi LLC	2,739,965	0.90%
Abbey-Veramendi SLPO LLC	2,555,336	0.84%
Pulte Homes of Texas LP (a)	2,444,290	0.80%
Total	\$ 57,036,517	18.65%

(a) See “THE DEVELOPER AND BUILDERS—The Builders.”  
 (b) No longer building in the District.  
 (c) See “THE DEVELOPER AND BUILDERS—The Developer.”

**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 annual and maximum debt service requirements if no growth in the District’s tax base occurred beyond the 2023 Certified Taxable Assessed Valuation of \$305,874,803 and the Estimated Taxable Assessed Valuation as of March 1, 2024, of \$425,210,360. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, and the sale of no additional bonds. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”

Average Annual Debt Service Requirement (2025-2049).....	\$2,463,076
\$0.85 Tax Rate on 2023 Certified Taxable Assessed Valuation .....	\$2,469,939
\$0.61 Tax Rate on Estimated Taxable Assessed Valuation as of March 1, 2024.....	\$2,464,094
Maximum Annual Debt Service Requirement (2027).....	\$2,655,031
\$0.92 Tax Rate on 2023 Certified Taxable Assessed Valuation .....	\$2,673,346
\$0.66 Tax Rate on Estimated Taxable Assessed Valuation as of March 1, 2024.....	\$2,666,069

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of March 1, 2024 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See “TAXING PROCEDURES.”

**TAXING PROCEDURES**

**Authority to Levy Taxes**

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under “THE BONDS—Source of and Security for Payment.” Under Texas law, the Board 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—Debt Service Tax” and “—Maintenance and Operations Tax.”

**Property Tax Code and County-Wide Appraisal District**

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

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

**Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a residence homestead exemption equal to exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1. The District currently does not grant a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

## **Tax Abatement**

Comal County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Comal County, the District, and the City of New Braunfels (if it were to annex the District), under certain circumstances, discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the 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 the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

## **Valuation of Property for Taxation**

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the

agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

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

### **District and Taxpayer Remedies**

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

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

### **Levy and Collection of Taxes**

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



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

### **Tax Payment Installments After Disaster**

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

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

### **Rollback of Operation and Maintenance Tax Rate**

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

*Special Taxing Units:* Special Taxing Units that adopt a total tax rate that would impose more 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 operation and maintenance tax rate.

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

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

*The District:* A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District is made by the Board of Directors on an annual basis. The District was designated as a "Developing District" for tax year 2023. 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.

## **District's Rights in the Event of Tax Delinquencies**

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

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

## **INVESTMENT CONSIDERATIONS**

### **General**

The Bonds are obligations solely of the District and are not obligations of the City of New Braunfels, Comal County, the State of Texas, the Master District, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of 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 single-family residences and developed lots and tracts of land for commercial/retail and multi-family improvements. The market value of such homes, lots, and tracts is related to general economic conditions in the San Antonio/New Braunfels, Texas region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, 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. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DEVELOPER AND BUILDERS."

### **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, particularly the liquidity in the national credit markets, 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 33 miles from the central downtown business district of San Antonio and approximately 2 miles from downtown New Braunfels, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the San Antonio/New Braunfels metropolitan and regional economies. A downturn in the economic conditions of San Antonio/New Braunfels economy and decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

## **Competition**

The demand for and construction of single-family homes in the District, which is 33 miles from downtown San Antonio and 2 miles from downtown New Braunfels, could be affected by competition from other residential developments, including other residential developments located in Comal County and the New Braunfels/San Antonio, Texas metropolitan areas. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the 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 Developer or the Builders will be implemented or, if implemented, will be successful.

## **Possible Impact on District Tax Rate**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2023 Certified Taxable Assessed Valuation is \$305,874,803. After issuance of the Bonds, the maximum debt service requirement will be \$2,655,031 (2027), and the average annual debt service requirement will be \$2,463,076 (2025-2049 inclusive). Assuming no increase or decrease from the 2023 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.92 and \$0.85 per \$100 of appraised valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of March 1, 2024 is \$425,210,360, which reduces the above calculations to \$0.66 and 0.61 per \$100 of taxable assessed valuation, respectively. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.”

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District as of March 1, 2024 will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment.

## **Overlapping Master District Debt and Contract Tax**

The Master District has not issued contract revenue bonds for the purpose of purchasing or acquiring regional water, sanitary sewer, and drainage facilities (“Contract Revenue Bonds”) as of the date hereof, but has sold such bonds in April 2024 and expects to issue such bonds in May 2024. The Master District has also authorized an application to the TCEQ requesting approval to sell approximately \$3,200,000 principal amount of Contract Revenue Bonds in the fourth quarter of 2024. All issuances of Contract Revenue Bonds are pursuant to an indenture of trust. The Master District Contract obligates each Participant, including the District, to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Certified Appraised Value of each Participant as a percentage of the Certified Appraised Value of all Participants, calculated annually. Each Participant is obligated to make such payments (“Contract Payments”) from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (“Contract Tax”), or from any other lawful source of such Participant's income. The debt service requirement includes principal, interest and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under the bond resolution or indenture pursuant to which the Master District’s contract revenue bonds are issued.

The Contract Tax is in addition to the direct total tax rate of the District. The District cannot represent whether any of the development planned or occurring in the Service Area will be successful or whether the appraised valuation of the land located within the Service Area will justify payment of the Contract Tax by property owners. Increases in the Contract Tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied the District, including the Contract Tax. The District expects to levy its initial Contract Tax in 2024.

The Contract Tax rate and debt service tax rate that may be required to service debt on any bonds issued by the District or the Master District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. 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 Comal County 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.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Comal County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to \$1.20 per \$100 of taxable assessed valuation, including the Contract Tax. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District, which includes the Contract Tax. The current combined tax rate of the District is consistent with the rules of the TCEQ. If the total combined tax rate of the District, including the Contract Tax, should ever exceed \$1.20 per \$100 of taxable assessed valuation, the District and the Master District could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See “Possible Impact on District Tax Rate” above and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt” and “—Overlapping Taxes.”

### **Vacant Lots and Undeveloped Acreage**

There are 180 lots that remain vacant in the District. The District includes approximately 65 remaining developable acres. The District makes no representation as to when or if development of the undeveloped acreage will occur, or if the lot sales and building program will be successful. Failure of the Developer to develop the developable land or of the Builders to construct homes on the developed lots could restrict the rate of growth on taxable values in the District. See “THE DISTRICT—Land Use” and “—Status of Development.”

### **Developer/Builders Under No Obligation to the District**

The Developer has informed the Board that its current plan is to continue selling the remaining undeveloped land to the Builders for development or developing lots to sell to builders. However, neither the Developer nor the Builders nor any future developer or homebuilder is obligated to build homes on vacant lots nor to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or Builders to implement any plan of development. Furthermore, there is no restriction on the Developer’s nor the Builders’ rights to sell their land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer or the Builders. See “THE DEVELOPER AND BUILDERS.”

### **Tax Collections Limitations and Foreclosure Remedies**

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

### **Registered Owners’ Remedies and Bankruptcy Limitations**

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

Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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

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

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

A district may not be forced into bankruptcy involuntarily.

### **Future Debt**

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. After reimbursements with proceeds of the Bonds, the District will continue to owe the Developer and other landowners approximately \$15,000,000 plus interest for advances made for engineering and construction of water, wastewater, drainage and road facilities, which will be financed with future bond issues. A total of \$142,500,000 principal amount of unlimited tax bonds for the purpose of financing water, wastewater and drainage facilities, \$213,750,000 of unlimited tax bonds for the purpose of refunding water, wastewater and drainage bonds, \$61,500,000 principal amount of unlimited tax bonds for financing road facilities and \$92,250,000 of unlimited tax road bonds for the purpose of refunding road bonds have been authorized by the District's voters. After the issuance of the Bonds, \$37,875,000 principal amount of road bonds will remain authorized but unissued, \$124,000,000 principal amount of the water, wastewater and drainage bonds will remain authorized but unissued, and all of the refunding bonds will remain authorized but unissued. The District has authorized the preparation and submission of a bond application to the TCEQ requesting approval to sell bonds in an amount up to \$12,875,000. The District expects approval of such application and the sale of such bonds in the fourth quarter of 2024.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, wastewater and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds, but the issuance of road bonds is not. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt." 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.

## **Environmental Regulations**

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

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

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

*Air Quality Issues:* Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the San Antonio area. Under the Clean Air Act (“CAA”) Amendments of 1990, the four-county San Antonio area (“San Antonio Area”)—Bexar, Comal, Guadalupe, and Wilson Counties—has been designated an attainment/unclassifiable area under the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”).

However, the San Antonio Area is currently designated as a “moderate” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2024. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the San Antonio Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid nonattainment designation. Since 2004, the San Antonio Area has been party to a curtailment agreement with the TCEQ, and the San Antonio Area is currently part of an EPA Ozone Advance Program.

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

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

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

### **Marketability of the Bonds**

The District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

### **Continuing Compliance with Certain Covenants**

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

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The Underwriter has entered into an agreement with ASSURED GUARANTY MUNICIPAL CORP. (“AGM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P and “A1” (stable outlook) by Moody’s. See “MUNICIPAL BOND INSURANCE.”

The long-term ratings on the Bonds are dependent in part on the financial strength of the bond insurer (the “Insurer”) and its claim paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE.”

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE” for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

## **Changes in Tax Legislation**

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under “THE BONDS,” “THE DISTRICT—General,” “ROAD SYSTEM”, “WATER, WASTEWATER AND DRAINAGE—The Master District,” “—Utility Agreement Between the District and the City of New Braunfels,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District or the Developers for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

### **No Material Adverse Change**

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

### **No-Litigation Certificate**

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



## TAX MATTERS

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

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

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

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

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

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

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

### **Tax Accounting Treatment of Original Issue Discount Bonds**

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

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

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

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

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

### **Not Qualified Tax-Exempt Obligations**

The Bonds are **not** "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.

## **MUNICIPAL BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

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

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

## **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

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

### *Current Financial Strength Ratings*

On April 30, 2024, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A1” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

On October 20, 2023, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

### *Capitalization of AGM*

At March 31, 2024:

- The policyholders’ surplus of AGM was approximately \$2,665 million.
- The contingency reserve of AGM was approximately \$892 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,036 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

### *Incorporation of Certain Documents by Reference*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024).

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

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

#### *Miscellaneous Matters*

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

## **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 Developer, the Engineer, the Tax Consultant, the Appraisal District and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District 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, orders, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

### **Financial Advisor**

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

### **Consultants**

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants that have provided information used herein.

*Engineer:* The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and the Master District’s facilities and, in particular that information included in the sections entitled “THE DISTRICT,” “ROAD SYSTEM,” and “WATER, WASTEWATER AND DRAINAGE” has been provided by LJA Engineering, Inc., Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

*Auditor:* The financial statements of the District as of June 30, 2023, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

*Tax Appraisal and Collections:* The Comal Appraisal District has the responsibility of appraising all property within the District. See “TAXING PROCEDURES.”

*Tax Consultant:* The information contained in this OFFICIAL STATEMENT relating to the historical breakdown of the Participants' Appraised Valuations and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

*Bookkeeper:* The information related to the unaudited summary of the District's General Operating Fund as it appears in "WATER, WASTEWATER AND DRAINAGE" has been provided from records of Municipal Accounts & Consulting, L.P. and is included herein in reliance upon the authority of such firm 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 Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

### **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 certification, the official executing this OFFICIAL STATEMENT 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 Resolution, the District has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access System ("EMMA").

### **Annual Reports**

The District will provide certain financial information and operating data annually to the MSRB through EMMA. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt" and "Overlapping Taxes," "TAX DATA," and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2024. Any financial statements so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable period to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

### **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 or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

### **Availability of Information from 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 its Electronic Municipal Market Access internet portal at [www.emma.msrb.org](http://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 registered or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

### **Compliance with Prior Undertakings**

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

**MISCELLANEOUS**

All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDIX 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 Comal County Water Improvement District No. 1A, as of the date shown on the cover page.

/s/ Donnie Shaw  
President, Board of Directors

ATTEST:

/s/ George Nevitt  
Secretary, Board of Directors

**AERIAL LOCATION MAP**  
**(Approximate Boundaries as of April 2024)**



COMAL COUNTY WATER  
IMPROVEMENT DISTRICT 1A



**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken April 2024)**

















**APPENDIX A**  
**Independent Auditor's Report and Financial Statements of the District for the year ended June 30, 2023**

COMAL COUNTY WATER  
IMPROVEMENT DISTRICT NO. 1A  
COMAL COUNTY, TEXAS  
ANNUAL AUDIT REPORT  
JUNE 30, 2023

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# Mark C. Eyring, CPA, PLLC

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October 17, 2023

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Comal County Water Improvement District No. 1A  
Comal County, Texas

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Comal County Water Improvement District No. 1A as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Comal County Water Improvement District No. 1A's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Comal County Water Improvement District No. 1A, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Comal County Water Improvement District No. 1A, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Comal County Water Improvement District No. 1A'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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Comal County Water Improvement District No. 1A's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Comal County Water Improvement District No. 1A's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 budgetary comparison information 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)**Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Comal County Water Improvement District No. 1A's basic financial statements. The supplementary information on Pages 22 to 40 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

## Management's Discussion and Analysis

### Using this Annual Report

Within this section of the Comal County Water Improvement District No. 1A (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water, sewer, drainage and road services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

#### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets and liabilities owned by the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Although the statement of activities looks different from a commercial enterprise's income statement, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as *change in net position*, essentially the same thing.

#### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental fund financial statements consist of a balance sheet and statement of revenues, expenditures and change in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.



In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water and sewer systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's total assets and total liabilities is labeled the fund balance, and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

**Financial Analysis of the District as a Whole**

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures for water, sewer, drainage and road systems from this fund are subject to the Rules of the Texas Commission on Environmental Quality and/or the Bond Resolutions. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and service revenues and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Current and other assets	\$ 6,514,224	\$ 1,896,187	\$ 4,618,037
Capital assets	20,648,311	39,805,774	(19,157,463)
Total assets	<u>27,162,535</u>	<u>41,701,961</u>	<u>(14,539,426)</u>
Long-term liabilities	55,556,534	55,555,617	917
Other liabilities	4,127,640	139,982	3,987,658
Total liabilities	<u>59,684,174</u>	<u>55,695,599</u>	<u>3,988,575</u>
Net position:			
Invested in capital assets, net of related debt	(34,790,711)	(15,116,857)	(19,673,854)
Restricted	1,865,645	908,664	956,981
Unrestricted	403,427	214,555	188,872
Total net position	<u>\$ (32,521,639)</u>	<u>\$ (13,993,638)</u>	<u>\$ (18,528,001)</u>

Summary of Changes in Net Position

	<u>2023</u>	<u>2022</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,575,994	\$ 715,968	\$ 860,026
Other	27,978	679	27,299
Total revenues	<u>1,603,972</u>	<u>716,647</u>	<u>887,325</u>
Expenses:			
Service operations	152,584	939,655	(787,071)
Debt service	2,058,336	966,388	1,091,948
Capital outlay	17,921,053	9,999,789	7,921,264
Total expenses	<u>20,131,973</u>	<u>11,905,832</u>	<u>8,226,141</u>
Change in net position	(18,528,001)	(11,189,185)	(7,338,816)
Net position, beginning of year	<u>(13,993,638)</u>	<u>(2,804,453)</u>	<u>(11,189,185)</u>
Net position, end of year	<u>\$ (32,521,639)</u>	<u>\$ (13,993,638)</u>	<u>\$ (18,528,001)</u>

**Financial Analysis of the District's Funds**

The District's combined fund balances as of the end of the fiscal year ended June 30, 2023, were \$3,443,252, an increase of \$1,595,666 from the prior year.

The General Fund balance increased by \$183,621, in accordance with the District's financial plan.

The Debt Service Fund balance increased by \$1,388,069, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by \$23,976, as bond proceeds and interest earnings on deposits exceeded authorized expenditures and the reimbursement to the General Fund of \$8,170.

### General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of June 30, 2023, was expected to be \$695,291 and the actual end of year fund balance was \$587,949.

### Capital Asset and Debt Administration

#### Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized as follows:

	<u>Capital Assets (Net of Accumulated Depreciation)</u>		
	<u>2023</u>	<u>2022</u>	<u>Change</u>
Construction in progress	<u>\$ 20,648,311</u>	<u>\$ 39,805,774</u>	<u>\$ (19,157,463)</u>

Changes to capital assets during the fiscal year ended June 30, 2023, are summarized as follows:

#### Decreases:

Decrease in estimated value of construction by developers	\$ (3,171,886)
Utilities and road facilities transferred to other entities	<u>(15,985,577)</u>
Net change to capital assets	<u>\$ (19,157,463)</u>

#### Debt

Changes in the bonded debt position of the District during the fiscal year ended June 30, 2023, are summarized as follows:

Bonded debt payable, beginning of year	\$ 15,980,000
Utility bonds sold	12,500,000
Road bonds sold	8,125,000
Bonds paid	<u>(75,000)</u>
Bonded debt payable, end of year	<u>\$ 36,530,000</u>

At June 30, 2023, the District had \$124,000,000 unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage purposes and \$43,325,000 for road purposes authorized but unissued.

The District's bonds do not have an underlying rating. The Series 2021 Utility, 2022 Road and 2022A Road bonds are insured by Build America Mutual Assurance Company. The Series 2022 Utility and 2023 Road bonds are insured by Assured Guaranty Municipal Corp. Because of the insurance, the Series 2021 Utility, 2022 Road, 2022A Road, Series 2022 Utility and 2023 Road bonds are rated AA by Standard & Poor's. The Series 2022 Utility and 2023 Road bonds are further rated A1 by Moody's. The District's Series 2020 bonds are not rated or insured. There were no changes in the bond ratings during the fiscal year ended June 30, 2023.

As further described in Note 5 of the notes to the financial statements, the developers within the District have advanced funds to the District to cover initial operating deficits. As of June 30, 2023, the cumulative amount of developer advances for this purpose was \$205,654.

As further described in Note 5 of the notes to the financial statements, the developers within the District are constructing roads and water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality, as applicable. At June 30, 2023, the estimated amount due to the developers was \$20,648,311.

The developers have also advanced funds for the construction of Master District Facilities. The District and the other participants will each be responsible for their pro rata share of such costs. At June 30, 2023, the estimated amount due to developers for Master District Facilities was \$24,734,310.

## **ADDITIONAL RELEVANT FACTORS**

### *Property Tax Base*

The District's tax base increased approximately \$106,110,000 (approximately 121%) for the 2022 tax year primarily due to the addition of new homes and property to the tax base..

The District's tax base is concentrated in a small number of taxpayers. The District's developers own a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

### *Relationship to the City of New Braunfels*

The District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels (the "City") and obtains water, sewer and drainage services from the City. In consideration of the District and Master District acquiring and constructing the water, sanitary sewer, drainage and road systems on behalf of the City, the City agreed to own, operate and maintain these systems.

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

### *Comal County Master Water Improvement District*

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B"), Comal County Water Improvement District No. 1C ("Comal No. 1C"), Comal County Water Improvement District No. 1D ("Comal No. 1D"), Comal County Water Improvement District No. 1E ("Comal No. 1E"), Comal County Water Improvement District No. 1F ("Comal No. 1F") and Comal County Master Water Improvement District (the "Master District"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JUNE 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>						
Cash, including interest-bearing accounts, Note 7	\$ 639,096	\$ 2,384,945	\$ 3,412,687	\$ 6,436,728	\$	\$ 6,436,728
Property taxes receivable	21,132	56,364		77,496		77,496
Maintenance taxes collected not yet transferred from other fund	18,388			18,388	(18,388)	0
Due from other fund	24,134			24,134	(24,134)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	20,648,311	20,648,311
<b>Total assets</b>	<u>\$ 702,750</u>	<u>\$2,441,309</u>	<u>\$ 3,412,687</u>	<u>\$ 6,556,746</u>	<u>20,605,789</u>	<u>27,162,535</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 93,669	\$	\$	\$ 93,669		93,669
Due to developer			2,899,807	2,899,807		2,899,807
Accrued interest payable				0	223,907	223,907
Maintenance taxes collected not yet transferred from other fund		18,388		18,388	(18,388)	0
Due to other fund			24,134	24,134	(24,134)	0
Long-term liabilities, Note 5:						
Due within one year				0	910,257	910,257
Due in more than one year				0	55,556,534	55,556,534
<b>Total liabilities</b>	<u>93,669</u>	<u>18,388</u>	<u>2,923,941</u>	<u>3,035,998</u>	<u>56,648,176</u>	<u>59,684,174</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property tax revenues	<u>21,132</u>	<u>56,364</u>	<u>0</u>	<u>77,496</u>	<u>(77,496)</u>	<u>0</u>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Restricted for bond interest, Note 5		822,115		822,115	(822,115)	0
Assigned to:						
Debt service		1,544,442		1,544,442	(1,544,442)	0
Capital projects			488,746	488,746	(488,746)	0
Unassigned	587,949			587,949	(587,949)	0
<b>Total fund balances</b>	<u>587,949</u>	<u>2,366,557</u>	<u>488,746</u>	<u>3,443,252</u>	<u>(3,443,252)</u>	<u>0</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 702,750</u>	<u>\$2,441,309</u>	<u>\$ 3,412,687</u>	<u>\$ 6,556,746</u>		
<b>Net position:</b>						
Invested in capital assets, net of related debt, Note 4					(34,790,711)	(34,790,711)
Restricted for debt service					1,376,899	1,376,899
Restricted for capital projects					488,746	488,746
Unrestricted, Note 5					403,427	403,427
<b>Total net position</b>					<u>\$ (32,521,639)</u>	<u>\$(32,521,639)</u>

The accompanying notes are an integral part of the financial statements.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>						
Property taxes	\$ 302,471	\$ 1,213,661	\$	\$ 1,516,132	\$ 40,840	\$ 1,556,972
Penalty and interest		19,022		19,022		19,022
Interest on deposits	<u>5,645</u>	<u>18,791</u>	<u>3,542</u>	<u>27,978</u>		<u>27,978</u>
Total revenues	<u>308,116</u>	<u>1,251,474</u>	<u>3,542</u>	<u>1,563,132</u>	<u>40,840</u>	<u>1,603,972</u>
<b>EXPENDITURES / EXPENSES</b>						
Administrative expenditures:						
Professional fees	101,810	3,313		105,123		105,123
Contracted services	10,451	14,751		25,202		25,202
Repairs and maintenance	6,645			6,645		6,645
Administrative expenditures	13,759	995	860	15,614		15,614
Capital outlay / non-capital outlay			15,985,577	15,985,577		15,985,577
Interest on developer construction			1,935,476	1,935,476		1,935,476
Debt service:						
Principal retirement		75,000		75,000	(75,000)	0
Bond issuance expenditures			1,142,066	1,142,066		1,142,066
Interest and fees		<u>736,215</u>		<u>736,215</u>	<u>180,055</u>	<u>916,270</u>
Total expenditures / expenses	<u>132,665</u>	<u>830,274</u>	<u>19,063,979</u>	<u>20,026,918</u>	<u>105,055</u>	<u>20,131,973</u>
Excess (deficiency) of revenues over expenditures	<u>175,451</u>	<u>421,200</u>	<u>(19,060,437)</u>	<u>(18,463,786)</u>	<u>(64,215)</u>	<u>(18,528,001)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued, Note 5		1,532,417	19,092,583	20,625,000	(20,625,000)	0
Bond issuance discount, Note 5		(565,548)		(565,548)	565,548	0
Reimbursement to (from) other fund	<u>8,170</u>		<u>(8,170)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>8,170</u>	<u>966,869</u>	<u>19,084,413</u>	<u>20,059,452</u>	<u>(20,059,452)</u>	<u>0</u>
Net change in fund balances / net position	183,621	1,388,069	23,976	1,595,666	(20,123,667)	(18,528,001)
Beginning of year	<u>404,328</u>	<u>978,488</u>	<u>464,770</u>	<u>1,847,586</u>	<u>(15,841,224)</u>	<u>(13,993,638)</u>
End of year	<u>\$ 587,949</u>	<u>\$ 2,366,557</u>	<u>\$ 488,746</u>	<u>\$ 3,443,252</u>	<u>\$(35,964,891)</u>	<u>\$(32,521,639)</u>

The accompanying notes are an integral part of the financial statements.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1ANOTES TO THE FINANCIAL STATEMENTSJUNE 30, 2023

## NOTE 1: REPORTING ENTITY

Comal County Water Improvement District No. 1A (the "District") was created on August 11, 2017 as Comal County Water Improvement District No. 1 (the "Original District") was divided into three districts; (1) Comal County Water Improvement District No. 1A, (2) Comal County Water Improvement District No. 1B and (3) Comal County Master Water Improvement District. The Original District was created by Act of the 81<sup>st</sup> Texas Legislature, Regular Session, as a conservation and reclamation district. The District assumed the rights, privileges and obligations of the Original District. The District operates in accordance with Texas Water Code Chapters 49 and 51, Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and Chapter 9038 of the Texas Special District Local Laws Code. The District is located within the extra territorial jurisdiction of the City of New Braunfels and within Comal County, Texas. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on August 11, 2017. The District is subject to the continuing supervision of the TCEQ with respect to water, wastewater and drainage. The District is empowered, among other things, to provide for water, wastewater, drainage and road facilities.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

### Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### Receivables

Service accounts and other receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

### Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years
Roads	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

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

**NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 3,443,252
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		20,648,311
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (36,530,000)	
Issuance discount (to be amortized as interest expense)	917,174	
Due to developers for operating advances	(205,654)	
Due to developers for construction	<u>(20,648,311)</u>	(56,466,791)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Uncollected property taxes		77,496
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(223,907)</u>
Net position, end of year		<u>\$ (32,521,639)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances	\$ 1,595,666
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>	
Utility bonds issued	\$ (12,500,000)
Road bonds issued	(8,125,000)
Principal reduction	<u>75,000</u> (20,550,000)
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>	
Issuance discount	524,651
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>	
Uncollected property taxes	40,840
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:</p>	
Accrued interest	<u>(139,158)</u>
Change in net position	<u>\$ (18,528,001)</u>

NOTE 4: CAPITAL ASSETS

At June 30, 2023, "Invested in capital assets, net of related debt" was \$(34,790,711). This amount was negative primarily because the District transfers the ownership of capital assets constructed by the District to the City of New Braunfels (the "City"). The District is to pay for construction of a water distribution system, a sanitary sewer collection system, a drainage system and road system to serve the District. The District shall be the owner of each phase of the construction of each system until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired.

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 39,805,774	\$ _____	\$ 19,157,463	\$ 20,648,311
Total capital assets not being depreciated	<u>39,805,774</u>	<u>0</u>	<u>19,157,463</u>	<u>20,648,311</u>
Total capital assets, net	<u>\$ 39,805,774</u>	<u>\$ 0</u>	<u>\$ 19,157,463</u>	<u>\$ 20,648,311</u>
Changes to capital assets:				
Capital outlay paid (decrease in liability) to developer		\$ (15,985,577)	\$ _____	
Decrease in estimated value of developer construction			3,171,886	
Transfer of assets to other entities		<u>15,985,577</u>	<u>15,985,577</u>	
Net increases / decreases to capital assets		<u>\$ 0</u>	<u>\$ 19,157,463</u>	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 15,980,000	\$ 20,625,000	\$ 75,000	\$ 36,530,000	\$ 975,000
Add (less) deferred amounts:					
For issuance (discounts) premiums	<u>(392,523)</u>	<u>(565,548)</u>	<u>(40,897)</u>	<u>(917,174)</u>	<u>(64,743)</u>
Total bonds payable	<u>15,587,477</u>	<u>20,059,452</u>	<u>34,103</u>	<u>35,612,826</u>	<u>910,257</u>
Due to developers for operating advances (see below)	205,654			205,654	-----
Due to developers for construction (see below)	<u>39,805,774</u>	<u>                    </u>	<u>19,157,463</u>	<u>20,648,311</u>	<u>                    </u>
Total due to developers	<u>40,011,428</u>	<u>                    0</u>	<u>19,157,463</u>	<u>20,853,965</u>	<u>                    0</u>
Total long-term liabilities	<u>\$ 55,598,905</u>	<u>\$ 20,059,452</u>	<u>\$ 19,191,566</u>	<u>\$ 56,466,791</u>	<u>\$ 910,257</u>

Water, sewer and drainage bonds voted	\$ 142,500,000
Water, sewer and drainage bonds approved for sale and sold	18,500,000
Water, sewer and drainage bonds voted and not issued	124,000,000
Road bonds voted	\$ 61,500,000
Road bonds approved for sale and sold	18,175,000
Road bonds voted and not issued	43,325,000

The bonds 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.

The bond issues payable at June 30, 2023, were as follows:

	<u>Series 2020 Road</u>	<u>Series 2021 Utility</u>	<u>Series 2022 Road</u>
Amounts outstanding, June 30, 2023	\$3,005,000	\$6,000,000	\$6,900,000
Interest rates	3.00% to 3.75%	2.00% to 5.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2023/2045	September 1, 2023/2047	September 1, 2023/2047
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	September 1, 2025*	September 1, 2027*	September 1, 2027*

\*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2022A Road</u>	<u>Series 2022 Utility</u>	<u>Series 2023 Road</u>
Amounts outstanding, June 30, 2023	\$5,125,000	\$12,500,000	\$3,000,000
Interest rates	4.00% to 6.00%	4.375% to 6.875%	4.00% to 6.50%
Maturity dates, serially beginning/ending	September 1, 2023/2049	March 1, 2024/2049	March 1, 2027/2049
Interest payment dates	September 1/March 1	September 1/March 1	September 1/March 1
Callable dates	September 1, 2028*	September 1, 2029*	March 1, 2030*

\*Or any date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

In accordance with the Series 2020, 2021, 2022, 2022A and 2023 Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond interest reserve, beginning of year		\$ 473,620
12 months' interest from sale of Series 2022 Utility bonds	\$ 608,494	
12 months' interest from sale of Series 2022A Road bonds	229,875	
12 months' interest from sale of Series 2023 Road bonds	<u>128,300</u>	966,669
Deduct appropriation for bond interest paid		<u>(618,374)</u>
Bond interest reserve, end of year		<u>\$ 821,915</u>

Developer Construction Commitments, Liabilities and Advances

The developers within the District have advanced funds to the District to cover initial operating deficits. At June 30, 2023, the cumulative amount of unreimbursed developer advances was \$205,654. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in "Unrestricted net position" in the government-wide financial statements. Without this decrease, "Unrestricted net position" would have a balance of \$609,081.

The developers within the District have constructed certain underground facilities and roads within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of future bond issues to the extent approved by the Texas Commission on Environmental Quality, as applicable. The District's engineer stated that unreimbursed cost of the construction in progress at June 30, 2023, was \$20,648,311. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Master District Debt Service

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B"), Comal County Water Improvement District No. 1C ("Comal No. 1C"), Comal County Water Improvement District No. 1D ("Comal No. 1D"), Comal County Water Improvement District No. 1E ("Comal No. 1E"), Comal County Water Improvement District No. 1F ("Comal No. 1F") and Comal County Master Water Improvement District (the "Master District")(collectively, the "Participants"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

Pursuant to the Master District Contract, the Master District will provide certain regional water, sanitary sewer drainage and road facilities and capacities ("Master District Facilities") and each Participant will pay its pro rata share of such cost. Each Participant is responsible for constructing its internal water distribution, wastewater collection, storm drainage lines and roads within its respective boundaries. The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within Veramendi. The Master District may finance the costs of such facilities through agreements with one or more developers or by selling Master District Bonds and each Participant will pay a portion of the debt service thereon based upon the amount of ad valorem tax base located within its boundaries. The District is obligated to pay its pro rata share from the proceeds of a Contract Tax for such purpose, or from any other legally available funds of the District. At June 30, 2023, the District's engineer stated that unreimbursed cost of the Master District Facilities was \$24,734,310.

**NOTE 6: PROPERTY TAXES AND CONCENTRATION OF TAX BASE**

The Comal County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

At an election held November 7, 2017, the voters within the District authorized a maintenance tax not to exceed \$1.20 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District. There is no tax limitation on the rate or amount of taxes that can be levied to pay debt service on water, wastewater, drainage and road bonds or to satisfy the District's contractual obligations to the Master District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

On September 9, 2022, the District levied the following ad valorem taxes for the 2022 tax year on the adjusted taxable valuation of \$193,804,319:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.7940	\$ 1,240,348
Maintenance	<u>0.1540</u>	<u>298,459</u>
	<u>\$ 0.9480</u>	<u>\$ 1,538,807</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2022 tax year total property tax levy	\$ 1,538,807
Appraisal district adjustments to prior year taxes	<u>18,165</u>
Statement of Activities property tax revenues	<u>\$ 1,556,972</u>

Concentration of Tax Base

The District's tax base is concentrated in a small number of taxpayers. The District's developers own a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

NOTE 7: DEPOSITS

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash	\$ <u>2,384,945</u>
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Capital Projects Fund

For construction of capital assets:

Cash	\$ <u>3,412,687</u>
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During the fiscal year ended June 30, 2023, the District reimbursed the General Fund \$8,170 in accordance with the Rules of the Texas Commission on Environmental Quality.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past two fiscal years. At June 30, 2023, the District had comprehensive general liability insurance coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general limit and consultant's crime coverage of \$10,000.

## NOTE 9: RELATIONSHIP TO THE CITY OF NEW BRAUNFELS

The District lies wholly within the extraterritorial jurisdiction of the City of New Braunfels (the "City") and obtains water, sewer and drainage services from the City. In consideration of the District and Master District acquiring and constructing the water, sanitary sewer, drainage and road systems on behalf of the City, the City agreed to own, operate and maintain these systems.

Under existing Texas law, because the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed by the City. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

## NOTE 10: CONTRACT WITH COMAL COUNTY MASTER WATER IMPROVEMENT DISTRICT

The District is part of the master-planned community of "Veramendi." Veramendi is comprised of the District, Comal County Water Improvement District No. 1B ("Comal No. 1B"), Comal County Water Improvement District No. 1C ("Comal No. 1C"), Comal County Water Improvement District No. 1D ("Comal No. 1D"), Comal County Water Improvement District No. 1E ("Comal No. 1E"), Comal County Water Improvement District No. 1F ("Comal No. 1F") and Comal County Master Water Improvement District (the "Master District")(collectively, the "Participants"). On August 11, 2017, the District executed a "Contract for Financing, Operation and Maintenance of Regional Water, Sanitary Sewer and Drainage Facilities" (the "Master District Contract") with the Master District in order to encourage regionalization and to avoid duplication of lines and facilities within the community.

Pursuant to the Master District Contract, the Master District will operate and maintain certain regional water, sanitary sewer drainage and road facilities and capacities ("Master District Facilities") and each Participant will pay its pro rata share of such cost. The Master District will establish an Operation and Maintenance Reserve, funded by the Participants, and will bill the Participants monthly for their pro rata share of operation and maintenance expenses. The District's share of the monthly charges will be determined by multiplying the total number of actual Equivalent Single Family Residential Connections ("ESFC") within the District by the monthly unit cost per ESFC in the Master District budget. The Master District did not incur any expenses or bill the Participants for the year ended June 30, 2023.



COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 356,083	\$ 356,083	\$ 302,471	\$ (53,612)
Interest on deposits	<u>0</u>	<u>0</u>	<u>5,645</u>	<u>5,645</u>
<b>TOTAL REVENUES</b>	<u>356,083</u>	<u>356,083</u>	<u>308,116</u>	<u>(47,967)</u>
<b>EXPENDITURES</b>				
Service operations:				
Professional fees	35,000	35,000	101,810	66,810
Contracted services	9,000	9,000	10,451	1,451
Repair and maintenance	0	0	6,645	6,645
Administrative expenditures	<u>21,120</u>	<u>21,120</u>	<u>13,759</u>	<u>(7,361)</u>
<b>TOTAL EXPENDITURES</b>	<u>65,120</u>	<u>65,120</u>	<u>132,665</u>	<u>67,545</u>
<b>EXCESS REVENUES (EXPENDITURES)</b>	290,963	290,963	175,451	(115,512)
<b>OTHER FINANCING SOURCES (USES)</b>				
Reimbursement (to) from other fund	<u>0</u>	<u>0</u>	<u>8,170</u>	<u>8,170</u>
<b>TOTAL OTHER FINANCIAL SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>8,170</u>	<u>8,170</u>
<b>EXCESS SOURCES (USES)</b>	290,963	290,963	183,621	(107,342)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>404,328</u>	<u>404,328</u>	<u>404,328</u>	<u>0</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 695,291</u>	<u>\$ 695,291</u>	<u>\$ 587,949</u>	<u>\$ (107,342)</u>

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

The accompanying notes are an integral part of the financial statements.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION  
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
JUNE 30, 2023

(Schedules included are checked or explanatory notes provided for omitted schedules.)

- TSI-1. Services and Rates
- TSI-2. General Fund Expenditures
- TSI-3. Temporary Investments  
Not applicable.
- TSI-4. Taxes Levied and Receivable
- TSI-5. Long-Term Debt Service Requirements by Years
- TSI-6. Changes in Long-Term Bonded Debt
- TSI-7. Comparative Schedule of Revenues and Expenditures -  
General Fund and Debt Service Fund - Five Year
- TSI-8. Board Members, Key Personnel and Consultants

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

SCHEDULE OF SERVICES AND RATES

JUNE 30, 2023

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

- Retail Water
- Wholesale Water
- Drainage
- Retail Wastewater
- Wholesale Wastewater
- Irrigation
- Parks/Recreation
- Fire Protection
- Security
- Solid Waste/Garbage
- Flood Control
- Roads
- Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- Other All services are provided by the City of New Braunfels.

2. Retail Service Providers

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

Not Applicable. See Note 9 of the Notes to the Financial Statements.

b. Water and Wastewater Retail Connections:

Not Applicable. See Note 9 of the Notes to the Financial Statements.

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

Not Applicable. See Note 9 of the Notes to the Financial Statements.

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

Does the District have Debt Service standby fees? Yes  No

If yes, date of the most recent Commission Order: \_\_\_\_\_

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

If yes, date of the most recent Commission Order: \_\_\_\_\_

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>CURRENT</b>				
Professional fees:				
Auditing	\$ 8,000	\$	\$	8,000
Legal	82,004	3,313		85,317
Engineering	11,806			11,806
	<u>101,810</u>	<u>3,313</u>	<u>0</u>	<u>105,123</u>
Contracted services:				
Bookkeeping	9,951			9,951
Tax assessor-collector	500	199		699
Appraisal district		14,552		14,552
	<u>10,451</u>	<u>14,751</u>	<u>0</u>	<u>25,202</u>
Repair and maintenance	<u>6,645</u>	<u>0</u>	<u>0</u>	<u>6,645</u>
Administrative expenditures:				
Director's fees	6,450			6,450
Insurance	3,376			3,376
Other	3,933	995	860	5,788
	<u>13,759</u>	<u>995</u>	<u>860</u>	<u>15,614</u>
<b>CAPITAL OUTLAY</b>				
Authorized expenditures	<u>0</u>	<u>0</u>	<u>15,985,577</u>	<u>15,985,577</u>
Interest on developer construction	<u>0</u>	<u>0</u>	<u>1,935,476</u>	<u>1,935,476</u>
<b>DEBT SERVICE</b>				
Principal retirement	<u>0</u>	<u>75,000</u>	<u>0</u>	<u>75,000</u>
Bond issuance expenditures	<u>0</u>	<u>0</u>	<u>1,142,066</u>	<u>1,142,066</u>
Interest and fees:				
Interest		733,965		733,965
Paying agent fees		2,250		2,250
	<u>0</u>	<u>736,215</u>	<u>0</u>	<u>736,215</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 132,665</u>	<u>\$ 830,274</u>	<u>\$ 19,063,979</u>	<u>\$ 20,026,918</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

ANALYSIS OF CHANGES IN DEPOSITS  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
<b>SOURCES OF DEPOSITS</b>				
Cash receipts from revenues excluding maintenance taxes	\$ 5,645	\$ 1,251,474	\$ 3,542	\$ 1,260,661
Maintenance tax receipts		302,471		302,471
Transfer of maintenance taxes	320,555			320,555
Proceeds from sale of bonds		966,869	19,092,583	20,059,452
Reimbursement from other fund	<u>8,170</u>	<u>          </u>	<u>3,150</u>	<u>11,320</u>
<b>TOTAL DEPOSITS PROVIDED</b>	<u>334,370</u>	<u>2,520,814</u>	<u>19,099,275</u>	<u>21,954,459</u>
<b>APPLICATIONS OF DEPOSITS</b>				
Cash disbursements for:				
Current expenditures	36,025	18,109	860	54,994
Capital outlay			15,021,246	15,021,246
Debt service		811,215	1,117,932	1,929,147
Reimbursement to other fund		3,150	8,170	11,320
Transfer of maintenance taxes	<u>          </u>	<u>320,555</u>	<u>          </u>	<u>320,555</u>
<b>TOTAL DEPOSITS APPLIED</b>	<u>36,025</u>	<u>1,153,029</u>	<u>16,148,208</u>	<u>17,337,262</u>
<b>INCREASE (DECREASE) IN DEPOSITS</b>	298,345	1,367,785	2,951,067	4,617,197
<b>DEPOSITS BALANCES, BEGINNING OF YEAR</b>	<u>340,751</u>	<u>1,017,160</u>	<u>461,620</u>	<u>1,819,531</u>
<b>DEPOSITS BALANCES, END OF YEAR</b>	<u>\$ 639,096</u>	<u>\$ 2,384,945</u>	<u>\$ 3,412,687</u>	<u>\$ 6,436,728</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 15,881	\$ 20,775
Additions and corrections to prior year taxes	<u>9,263</u>	<u>8,902</u>
Adjusted receivable, beginning of year	25,144	29,677
2022 ADJUSTED TAX ROLL	<u>298,459</u>	<u>1,240,348</u>
Total to be accounted for	323,603	1,270,025
Tax collections: Current tax year	(288,285)	(1,198,069)
Prior tax years	<u>(14,186)</u>	<u>(15,592)</u>
RECEIVABLE, END OF YEAR	<u>\$ 21,132</u>	<u>\$ 56,364</u>
RECEIVABLE, BY TAX YEAR		
2019	\$ 1,436	\$
2020	3,338	5,994
2021	6,185	8,091
2022	<u>10,173</u>	<u>42,279</u>
RECEIVABLE, END OF YEAR	<u>\$ 21,132</u>	<u>\$ 56,364</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED JUNE 30, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 102,522,526	\$ 65,036,507	\$ 42,578,920	\$ 18,631,259
Improvements	122,690,414	52,912,966	13,347,748	18,071
Personal property	314,100	299,497	280,380	36,170
Less exemptions	<u>(31,722,721)</u>	<u>(30,550,906)</u>	<u>(18,125,546)</u>	<u>(9,619,980)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 193,804,319</u>	 <u>\$ 87,698,064</u>	 <u>\$ 38,081,502</u>	 <u>\$ 9,065,520</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.64000	\$ 0.45000	\$ 0.00000	\$ 0.00000
Maintenance tax rates*	<u>0.15400</u>	<u>0.34400</u>	<u>0.79400</u>	<u>0.79400</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.79400</u>	 <u>\$ 0.79400</u>	 <u>\$ 0.79400</u>	 <u>\$ 0.79400</u>
 TAX ROLLS	 <u>\$ 1,538,807</u>	 <u>\$ 701,683</u>	 <u>\$ 302,215</u>	 <u>\$ 95,996</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>96.6 %</u>	 <u>98.0 %</u>	 <u>96.9 %</u>	 <u>98.5 %</u>

\*Maximum tax rate approved by voters on November 7, 2017: \$1.20

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2020 Road			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 75,000	\$ 101,288	\$ 176,288
2025	80,000	98,962	178,962
2026	85,000	96,488	181,488
2027	90,000	93,862	183,862
2028	90,000	91,162	181,162
2029	95,000	88,388	183,388
2030	100,000	85,462	185,462
2031	105,000	82,387	187,387
2032	110,000	79,025	189,025
2033	115,000	75,369	190,369
2034	120,000	71,550	191,550
2035	125,000	67,569	192,569
2036	130,000	63,425	193,425
2037	135,000	58,950	193,950
2038	145,000	54,050	199,050
2039	150,000	48,887	198,887
2040	155,000	43,550	198,550
2041	165,000	37,950	202,950
2042	170,000	31,875	201,875
2043	180,000	25,313	205,313
2044	185,000	18,469	203,469
2045	195,000	11,344	206,344
2046	205,000	3,844	208,844
TOTALS	<u>\$ 3,005,000</u>	<u>\$ 1,429,169</u>	<u>\$ 4,434,169</u>

See accompanying independent auditor's report.



COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2021 Utility			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 240,000	\$ 161,700	\$ 401,700
2025	240,000	152,100	392,100
2026	240,000	142,500	382,500
2027	240,000	131,700	371,700
2028	240,000	119,700	359,700
2029	240,000	111,300	351,300
2030	240,000	106,500	346,500
2031	240,000	101,700	341,700
2032	240,000	96,900	336,900
2033	240,000	92,100	332,100
2034	240,000	87,150	327,150
2035	240,000	81,900	321,900
2036	240,000	76,500	316,500
2037	240,000	70,950	310,950
2038	240,000	65,250	305,250
2039	240,000	59,400	299,400
2040	240,000	53,400	293,400
2041	240,000	47,250	287,250
2042	240,000	40,950	280,950
2043	240,000	34,650	274,650
2044	240,000	28,350	268,350
2045	240,000	22,050	262,050
2046	240,000	15,750	255,750
2047	240,000	9,450	249,450
2048	240,000	3,150	243,150
	<u>\$ 6,000,000</u>	<u>\$ 1,912,350</u>	<u>\$ 7,912,350</u>
TOTALS	<u>\$ 6,000,000</u>	<u>\$ 1,912,350</u>	<u>\$ 7,912,350</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2022 Road			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 280,000	\$ 176,887	\$ 456,887
2025	280,000	166,388	446,388
2026	280,000	155,188	435,188
2027	280,000	143,987	423,987
2028	280,000	132,788	412,788
2029	275,000	124,438	399,438
2030	275,000	118,938	393,938
2031	275,000	113,437	388,437
2032	275,000	107,938	382,938
2033	275,000	102,438	377,438
2034	275,000	96,938	371,938
2035	275,000	91,438	366,438
2036	275,000	85,766	360,766
2037	275,000	79,750	354,750
2038	275,000	73,390	348,390
2039	275,000	66,859	341,859
2040	275,000	60,156	335,156
2041	275,000	53,281	328,281
2042	275,000	46,406	321,406
2043	275,000	39,531	314,531
2044	275,000	32,484	307,484
2045	275,000	25,265	300,265
2046	275,000	18,047	293,047
2047	275,000	10,828	285,828
2048	275,000	3,609	278,609
	<u>\$ 6,900,000</u>	<u>\$ 2,126,175</u>	<u>\$ 9,026,175</u>
TOTALS			

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2022A Road			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1, March 1	Total
2024	\$ 150,000	\$ 225,375	\$ 375,375
2025	195,000	215,025	410,025
2026	195,000	203,325	398,325
2027	195,000	191,625	386,625
2028	195,000	179,925	374,925
2029	195,000	168,225	363,225
2030	195,000	158,475	353,475
2031	195,000	150,675	345,675
2032	190,000	142,975	332,975
2033	190,000	135,375	325,375
2034	190,000	127,775	317,775
2035	190,000	120,175	310,175
2036	190,000	112,575	302,575
2037	190,000	104,975	294,975
2038	190,000	97,375	287,375
2039	190,000	89,775	279,775
2040	190,000	82,175	272,175
2041	190,000	74,456	264,456
2042	190,000	66,619	256,619
2043	190,000	58,781	248,781
2044	190,000	50,944	240,944
2045	190,000	43,106	233,106
2046	190,000	35,269	225,269
2047	190,000	27,431	217,431
2048	190,000	19,594	209,594
2049	190,000	11,756	201,756
2050	190,000	3,919	193,919
TOTALS	<u>\$ 5,125,000</u>	<u>\$ 2,897,700</u>	<u>\$ 8,022,700</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2022 Utility			
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1, March 1	Total
2024	\$ 230,000	\$ 608,694	\$ 838,694
2025	245,000	592,882	837,882
2026	255,000	576,038	831,038
2027	270,000	558,506	828,506
2028	285,000	539,944	824,944
2029	300,000	520,350	820,350
2030	315,000	499,725	814,725
2031	335,000	478,068	813,068
2032	350,000	456,294	806,294
2033	370,000	440,982	810,982
2034	390,000	424,794	814,794
2035	410,000	407,732	817,732
2036	435,000	389,794	824,794
2037	460,000	370,762	830,762
2038	480,000	350,638	830,638
2039	510,000	329,638	839,638
2040	535,000	307,325	842,325
2041	565,000	283,918	848,918
2042	595,000	259,200	854,200
2043	625,000	232,424	857,424
2044	660,000	204,300	864,300
2045	695,000	174,600	869,600
2046	735,000	143,324	878,324
2047	775,000	110,250	885,250
2048	815,000	75,374	890,374
2049	860,000	38,700	898,700
TOTALS	\$ 12,500,000	\$ 9,374,256	\$ 21,874,256

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Series 2023 Road			
Due During Fiscal Years Ending June 30	Principal Due March 1	Interest Due September 1, March 1	Total
2024	\$	\$ 91,236	\$ 91,236
2025		128,300	128,300
2026		128,300	128,300
2027	75,000	128,300	203,300
2028	75,000	123,425	198,425
2029	80,000	118,550	198,550
2030	85,000	113,350	198,350
2031	90,000	109,312	199,312
2032	95,000	105,038	200,038
2033	100,000	101,237	201,237
2034	105,000	97,238	202,238
2035	105,000	93,037	198,037
2036	110,000	88,838	198,838
2037	120,000	84,437	204,437
2038	125,000	79,638	204,638
2039	130,000	74,637	204,637
2040	135,000	69,438	204,438
2041	145,000	64,038	209,038
2042	150,000	58,237	208,237
2043	155,000	52,238	207,238
2044	165,000	46,038	211,038
2045	175,000	39,438	214,438
2046	180,000	32,438	212,438
2047	190,000	25,012	215,012
2048	200,000	17,174	217,174
2049	210,000	8,924	218,924
TOTALS	<u>\$ 3,000,000</u>	<u>\$ 2,077,848</u>	<u>\$ 5,077,848</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

Annual Requirements for All Series			
Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total
2024	\$ 975,000	\$ 1,365,180	\$ 2,340,180
2025	1,040,000	1,353,657	2,393,657
2026	1,055,000	1,301,839	2,356,839
2027	1,150,000	1,247,980	2,397,980
2028	1,165,000	1,186,944	2,351,944
2029	1,185,000	1,131,251	2,316,251
2030	1,210,000	1,082,450	2,292,450
2031	1,240,000	1,035,579	2,275,579
2032	1,260,000	988,170	2,248,170
2033	1,290,000	947,501	2,237,501
2034	1,320,000	905,445	2,225,445
2035	1,345,000	861,851	2,206,851
2036	1,380,000	816,898	2,196,898
2037	1,420,000	769,824	2,189,824
2038	1,455,000	720,341	2,175,341
2039	1,495,000	669,196	2,164,196
2040	1,530,000	616,044	2,146,044
2041	1,580,000	560,893	2,140,893
2042	1,620,000	503,287	2,123,287
2043	1,665,000	442,937	2,107,937
2044	1,715,000	380,585	2,095,585
2045	1,770,000	315,803	2,085,803
2046	1,825,000	248,672	2,073,672
2047	1,670,000	182,971	1,852,971
2048	1,720,000	118,901	1,838,901
2049	1,260,000	59,380	1,319,380
2050	190,000	3,919	193,919
	<u>\$ 36,530,000</u>	<u>\$ 19,817,498</u>	<u>\$ 56,347,498</u>
TOTALS	<u>\$ 36,530,000</u>	<u>\$ 19,817,498</u>	<u>\$ 56,347,498</u>

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Bond Series:	2020 Road	2021 Utility	2022 Road
Interest Rate:	3.00% to 3.75%	2.00% to 5.00%	2.00% to 4.00%
Dates Interest Payable:	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity Dates:	September 1, 2023/2045	September 1, 2023/2047	September 1, 2023/2047
Bonds Outstanding at Beginning of Current Year	\$ 3,080,000	\$ 6,000,000	\$ 6,900,000
Less Retirements	<u>(75,000)</u>	<u>0</u>	<u>0</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,005,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,900,000</u>
Current Year Interest Paid	<u>\$ 103,537</u>	<u>\$ 166,500</u>	<u>\$ 209,562</u>

Bond Descriptions and Original Amount of Issue

- (1) Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2020 (\$3,150,000)  
(2) Comal County Water Improvement District No. 1A Unlimited Tax Bonds, Series 2021 (\$6,000,000)  
(3) Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2022 (\$6,900,000)

Paying Agent/Registrar

(1) (2) (3) Bank of New York Mellon Trust Company, NA, Dallas, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Road Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 142,500,000	\$ 61,500,000	\$ 306,000,000
Amount Issued:	18,500,000	18,175,000	0
Remaining to be Issued:	124,000,000	43,325,000	306,000,000

Net Debt Service Fund deposits and investments balances as of June 30, 2023: \$ 2,366,557  
Average annual debt service payment for remaining term of all debt: 2,086,944

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>Totals</u>
Bond Series:	2022A Road	2022 Utility	2023 Road	
Interest Rate:	4.00% to 6.00%	4.375% to 6.875%	4.00% to 6.50%	
Dates Interest Payable:	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity Dates:	September 1, 2023/2049	March 1, 2024/2049	March 1, 2027/2049	
Bonds Outstanding at Beginning of Current Year	\$	\$	\$	\$ 15,980,000
Add Bonds Sold	5,125,000	12,500,000	3,000,000	20,625,000
Less Retirements	<u>                    </u>	<u>                    0</u>	<u>                    0</u>	<u>                    75,000</u>
Bonds Outstanding at End of Current Year	<u>\$ 5,125,000</u>	<u>\$ 12,500,000</u>	<u>\$ 3,000,000</u>	<u>\$ 36,530,000</u>
Current Year Interest Paid	<u>\$ 136,009</u>	<u>\$ 118,357</u>	<u>\$ 0</u>	<u>\$ 733,965</u>

Bond Descriptions and Original Amount of Issue

- (4) Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2022A (\$5,125,000)  
(5) Comal County Water Improvement District No. 1A Unlimited Tax Bonds, Series 2022 (\$12,500,000)  
(6) Comal County Water Improvement District No. 1A Unlimited Tax Road Bonds, Series 2023 (\$3,000,000)

Paying Agent/Registrar

- (4) (5) (6) Bank of New York Mellon Trust Company, NA, Dallas, Texas



COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
GENERAL FUND  
FOR YEARS ENDED JUNE 30

	<u>AMOUNT</u>					<u>PERCENT OF TOTAL REVENUES</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020*</u>	<u>2019</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES										
Property taxes	\$ 302,471	\$ 314,470	\$ 112,867	\$ 73,668	\$ 1,594	98.2 %	100.0 %	97.3 %	99.2 %	100.0 %
Penalty and interest and other	<u>5,645</u>	<u>52</u>	<u>3,150</u>	<u>559</u>		<u>1.8</u>	<u>0.0</u>	<u>2.7</u>	<u>0.8</u>	
TOTAL REVENUES	<u>308,116</u>	<u>314,522</u>	<u>116,017</u>	<u>74,227</u>	<u>1,594</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Service operations:										
Professional fees	101,810	61,649	52,658	77,917	45,206	33.0	19.6	45.4	104.9	2836.0
Contracted services	10,451	10,157	11,151	5,120	1,839	3.4	3.2	9.6	6.9	115.4
Repairs and maintenance	6,645	0	0	0	0	2.2	0.0	0.0	0.0	0.0
Administrative expenditures	<u>13,759</u>	<u>14,796</u>	<u>12,427</u>	<u>10,582</u>	<u>4,478</u>	<u>4.5</u>	<u>4.7</u>	<u>10.7</u>	<u>14.3</u>	<u>280.9</u>
TOTAL EXPENDITURES	<u>132,665</u>	<u>86,602</u>	<u>76,236</u>	<u>93,619</u>	<u>51,523</u>	<u>43.1</u>	<u>27.5</u>	<u>65.7</u>	<u>126.1</u>	<u>3232.3</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 175,451</u>	<u>\$ 227,920</u>	<u>\$ 39,781</u>	<u>\$ (19,392)</u>	<u>\$ (49,929)</u>	<u>56.9 %</u>	<u>72.5 %</u>	<u>34.3 %</u>	<u>(26.1) %</u>	<u>(3132. %)</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>					

\*District was funded primarily by developer advances for fiscal years 2019 and prior.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A  
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,  
DEBT SERVICE FUND  
FOR YEARS ENDED JUNE 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020*	2019	2023	2022	2021	2020	2019
<b>REVENUES</b>										
Property taxes	\$ 1,213,661	\$ 377,001	\$ 194,118	\$ 0		97.0 %	96.2 %	97.6 %	0.0 %	%
Penalty and interest	19,022	14,462	4,515	0		1.5	3.7	2.3	0.0	
Accrued interest on bonds received at date of sale	0	0	0	6,524		0.0	0.0	0.0	98.9	
Interest on deposits	18,791	586	150	73		1.5	0.1	0.1	1.1	
<b>TOTAL REVENUES</b>	<b>1,251,474</b>	<b>392,049</b>	<b>198,783</b>	<b>6,597</b>	<b>0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>
<b>EXPENDITURES</b>										
Current:										
Professional fees	3,313	2,355	0	0		0.3	0.6	0.0	0.0	
Contracted services	14,751	7,971	3,167	0		1.2	2.0	1.6	0.0	
Other expenditures	995	885	160	0		0.1	0.2	0.1	0.0	
Debt service:										
Principal retirement	75,000	70,000	0	0		6.0	17.9	0.0	0.0	
Interest and fees	736,215	163,350	98,616	0		58.7	41.7	49.6	0.0	
<b>TOTAL EXPENDITURES</b>	<b>830,274</b>	<b>244,561</b>	<b>101,943</b>	<b>0</b>	<b>0</b>	<b>66.3</b>	<b>62.4</b>	<b>51.3</b>	<b>0.0</b>	<b>0.0</b>
<b>EXCESS REVENUES (EXPENDITURES)</b>	<b>\$ 421,200</b>	<b>\$ 147,488</b>	<b>\$ 96,840</b>	<b>\$ 6,597</b>	<b>\$ 0</b>	<b>33.7 %</b>	<b>37.6 %</b>	<b>48.7 %</b>	<b>100.0 %</b>	<b>0.0 %</b>

\*First year of financial activity.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1ABOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSJUNE 30, 2023

Complete District Mailing Address: Comal County Water Improvement District No. 1A  
 c/o Allen Boone Humphries Robinson LLP  
 919 Congress Avenue, Suite 1500  
 Austin, Texas 78701

District Business Telephone No.: 512-518-2424

Submission date of the most recent District Registration Form: August 18, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Donnie Shaw c/o Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	Elected 5/02/20- 5/04/24	\$ 1,050	\$ 45	President
Elizabeth "Sissy" Preston c/o Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	Elected 5/07/22- 5/02/26	1,200	0	Vice President
George Nevitt c/o Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	Elected 5/02/20- 5/04/24	1,650	21	Secretary
Robert Whitley c/o Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	Elected 5/07/22- 5/02/26	1,200	10	Assistant Secretary
Bruce Bartlett c/o Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	Elected 5/02/20- 5/04/24	1,350	341	Assistant Secretary

See accompanying independent auditor's report.

COMAL COUNTY WATER IMPROVEMENT DISTRICT NO. 1A

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

JUNE 30, 2023

CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Allen Boone Humphries Robinson LLP 919 Congress Avenue, Suite 1500 Austin, Texas 78701	11/2/22	\$ 67,503 93,614 Bonds	Attorney
Coats Rose, P.C. 14755 Preston Road, Suite 600 Dallas, Texas 75254	Replaced 11/2/22	14,501 445,257 Bonds	Attorney
McCreary, Veselka, Bragg & Allen, P.C. 700 Jeffrey Way, Suite 100 Round Rock, Texas 78665	Prior to 2022	3,313	Delinquent Tax Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	5/1/20	9,951 2,700 Bonds	Bookkeeper
Debra Loggins P.O. Box 170 Tomball, Texas 77377	5/1/20	0	Investment Officer
LJA Engineering, Inc. 7500 Rialto, Building II, Suite 100 Austin, Texas 78735	8/11/17	11,806 70,132 Bonds	Engineer
Utility Tax Service, LLC 11500 Northwest Freeway, Suite 465 Houston, Texas 77092	4/18/23	500	Tax Advisor
Comal County Tax Assessor-Collector P.O. Box 311445 New Braunfels, Texas 78131-1445	9/20/18	199	Tax Assessor-Collector
Comal Appraisal District 900 S. Seguin New Braunfels, Texas 78130	Legislative Action	14,552	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	6/8/18	390,225 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	6/28/19	8,000 17,100 Bonds	Independent Auditor

See accompanying independent auditor's report.

**APPENDIX B**  
**Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

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

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
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