

OFFICIAL STATEMENT DATED JUNE 24, 2024

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF 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 THE OPINION OF BOND COUNSEL.

The Bonds have NOT been designated “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – NOT Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry-Only

Moody’s Investors Service, Inc. (Underlying) “Baa1”
S&P Global Ratings (AGM Insured) “AA”
Moody’s Investors Service, Inc. (AGM Insured) “A1”
See “MUNICIPAL BOND INSURANCE” and “RATINGS” herein.

\$12,610,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
(A Political Subdivision of the State of Texas located within Williamson County)
UNLIMITED TAX BONDS
SERIES 2024

Dated Date: July 1, 2024

Interest accrues from: Date of Delivery

Due: September 1, as shown on the inside cover

The \$12,610,000 Unlimited Tax Bonds, Series 2024 (the “Bonds”) are obligations of Williamson County Municipal Utility District No. 23 (the “District”) and are not obligations of the State of Texas; Williamson County, Texas (the “County”); the City of Liberty Hill, Texas; (the “City”) or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; the County; the City; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the “Paying Agent/Registrar”). The Bonds are dated July 1, 2024 (the “Dated Date”), and will accrue interest from the date of delivery, which is expected to be on July 23, 2024 (the “Date of Delivery”), with interest payable March 1, 2025, and on each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See “THE BONDS – Book-Entry-Only System.”

See “MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS” on the inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. (“AGM”).**



The Bonds are the seventh series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the water, sewer, and drainage facilities to serve the District (the “Utility System”). The District has also issued two series of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the “Road System”), and, when issued, will constitute valid and binding obligations of the District 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. See “THE BONDS – Source of Payment.”

Investment in the Bonds is subject to special investment considerations as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled “INVESTMENT CONSIDERATIONS,” before making an investment decision.

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about July 23, 2024.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$12,610,000 Unlimited Tax Bonds, Series 2024

\$11,570,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 97001Q (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 97001Q (b)
2025	\$ 250,000	4.500%	3.700%	JH1	2038 (c)	\$ 545,000	4.000%	4.020%	JW8
2026	325,000	4.000%	3.650%	JJ7	2039 (c)	570,000	4.000%	4.050%	JX6
2027	340,000	4.000%	3.600%	JK4	2040 (c)	590,000	4.000%	4.100%	JY4
2028	360,000	4.000%	3.600%	JL2	2041 (c)	610,000	4.000%	4.130%	JZ1
2029	375,000	4.000%	3.600%	JM0	2042 (c)	635,000	4.000%	4.160%	KA4
2030	400,000	4.000%	3.600%	JN8	2043 (c)	655,000	4.000%	4.190%	KB2
2031	420,000	4.000%	3.600%	JP3	2044 (c)	680,000	4.000%	4.220%	KC0
2032 (c)	435,000	4.000%	3.600%	JQ1	2045 (c)	700,000	4.000%	4.240%	KD8
2033 (c)	455,000	4.000%	3.650%	JR9	2046 (c)	730,000	4.000%	4.260%	KE6
2034 (c)	475,000	4.000%	3.750%	JS7	2047 (c)	755,000	4.000%	4.280%	KF3
2035 (c)	490,000	4.000%	3.850%	JT5	2048 (c)	775,000	4.000%	4.300%	KG1
***	***	***	***	***					

\$1,040,000 Term Bond

\$ 1,040,000 Term Bond Due September 1, 2037 (c)(d), Interest Rate: 4.000% (Price: \$100.000) (a), CUSIP No. 97001Q JV0 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed FactSet Research Systems, Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."
- (d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, for further information.

Assured Guaranty Municipal Corp. ("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 headings "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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 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, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "CONTINUING DISCLOSURE OF INFORMATION."

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 any purposes.

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APPENDIX A: FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX B – SPECIMEN MUNICIPAL BOND INSURANCE POLI

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of this Official Statement at a price of 97.000000% of par, resulting in a net effective interest rate of 4.207680%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

Prices and Marketability

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

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in the Rule.

The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") 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 May 28, 2024, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On 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.

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 "MUNICIPAL 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 "MUNICIPAL BOND INSURANCE" and "RATINGS."

RATINGS

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of “A1” (stable outlook) from Moody’s solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. Moody’s has assigned an underlying rating of “Baa1” to the Bonds. An explanation of the ratings may be obtained from Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody’s, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody’s.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District.....	Williamson County Municipal Utility District No. 23 (the "District"), a political subdivision of the State of Texas, is located in Williamson County, Texas (the "County"). See "THE DISTRICT."
The Bonds.....	The \$12,610,000 Unlimited Tax Bonds, Series 2024 (the "Bonds") mature on September 1 in the years and amounts set forth on the inside cover of this Official Statement. The Bonds are dated July 1, 2024 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on July 23, 2024 (the "Date of Delivery"), with interest payable March 1, 2025, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	<p>Bonds maturing on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2031, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – <i>Optional Redemption</i>."</p> <p>The Bonds maturing on September 1, 2025, through September 1, 2035, both inclusive, and September 1, 2038, through September 1, 2048, both inclusive are serial bonds. The Bonds maturing on September 1 in the year 2037 is a term bond (the "Term Bond") and is subject to certain mandatory sinking fund redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – <i>Mandatory Redemption</i>."</p>
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas (the "State"); the County; the City of Liberty Hill, Texas (the "City"); or any political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Outstanding Bonds	The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System (as defined herein): \$3,915,000 Unlimited Tax Bonds, Series 2018; \$5,145,000 Unlimited Tax Bonds, Series 2019; \$8,350,000 Unlimited Tax Bonds, Series 2020; \$11,335,000 Unlimited Tax Bonds, Series 2021; \$7,745,000 Unlimited Tax Bonds, Series 2022 and \$25,000,000 Unlimited Tax Bonds, Series 2023 (the "Outstanding Utility Bonds"). The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Road System (as defined herein): \$3,800,000 Unlimited Tax Road Bonds, Series 2021 and \$5,900,000 Unlimited Tax Road Bonds, Series 2022 (the "Outstanding Road Bonds," and collectively with

the Outstanding Utility Bonds, the “Outstanding Bonds”). As of delivery of the Bonds, \$68,380,000 principal amount of such prior indebtedness will remain outstanding. See “THE BONDS – Outstanding Bonds.”

Payment Record..... The Bonds are the seventh series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the water, sewer, and drainage facilities to serve the District (the “Utility System”). The District has also issued two series of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the “Road System”), The District has never defaulted on the timely payment of its prior bonded indebtedness. See “THE BONDS – Issuance of Additional Debt.”

Authority for Issuance..... To date, voters of the District have authorized the District’s issuance of \$92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and \$139,440,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds; \$80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and \$120,000,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds; and \$6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities to serve the District and \$10,425,000 principal amount of unlimited tax bonds for the purpose of refunding of such bonds.

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; an election held within the District on November 4, 2014; an order adopted by the Board of Directors of the District authorizing the sale of the Bonds (the “Bond Order”); and an order of the Texas Commission on Environmental Quality (the “TCEQ”). See “THE BONDS – Authority for Issuance.”

Short-Term Debt..... In connection with the Bonds, the District has issued its \$7,254,000 Bond Anticipation Note, Series 2023 (the “BAN”), dated November 28, 2023. The BAN accrues interest at a rate of 5.80% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on November 26, 2024. See “THE BONDS – Short-Term Debt.”

Use of Proceeds A portion of the proceeds of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the costs to acquire or construct the Utility System. Additionally, proceeds from the Bonds will also be used to reimburse the Developer for its expenditures that were not reimbursed by the BAN, to pay developer interest, to pay BAN interest and to pay other certain costs associated with the issuance of the BAN and the Bonds. See “THE BONDS – Use and Distribution of Bond Proceeds.”

NOT Qualified Tax-Exempt Obligations The Bonds have NOT been designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – NOT Qualified Tax-Exempt Obligations.”

Municipal Bond Insurance	Assured Guaranty Municipal Corp. (“AGM”). See “MUNICIPAL BOND INSURANCE.”
Ratings	S&P Global Ratings (AGM Insured): “AA” (stable outlook). Moody’s Investors Service, Inc. (“Moody’s”) (AGM Insured): “A1” (stable outlook). Moody’s (Underlying): “Baa1.” See “RATINGS.”
Bond Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Engineer	HR Green Development Texas, LLC.

THE DISTRICT

Description.....	The District was created by order of the TCEQ dated January 25, 2008, and by a confirmational election held within the District on November 4, 2014. The District comprises approximately 675.20 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Liberty Hill Independent School District. See “THE DISTRICT.”
Location	The District is within the five-county metropolitan area commonly known as Greater Austin. The District is located along the frontage of Highway 29; approximately 0.1 miles from the intersection of Highway 29 and Ronald Reagan Boulevard; approximately 6.5 miles southeast of the City; approximately 8.6 miles west of the City of Georgetown, Texas; and approximately 26.13 miles northwest from the City of Austin, Texas. See “THE DISTRICT.”
Morningstar	The District is part of the master-planned residential community known as Morningstar. Located along Highway 29, Morningstar offers its residents access to commuter routes and places of work in the City of Austin, Texas as well as a number of amenities including an open-air event pavilion, resort-style pool, kids’ splash pad, playgrounds, hike and bike trails, and acres of open space and greenbelt throughout the community. See “DEVELOPMENT OF THE DISTRICT – Morningstar.”
Developer.....	The developer in the District is MREC MAG Morningstar LLC, a Delaware limited liability company (the “Developer”). The Developer is managed by the principals of MA Partners, LLC, a developer of master-planned communities with properties under development and management in several states, particularly Texas and its major markets. See “THE DEVELOPER.”
Development within the District	As of June 11, 2024, land within the District has been developed residentially as the single-family subdivisions of Morningstar: Phase 1, Sections 1, 2, 3, 4A, and 4B; Phase 2, Sections 1, 1A, 2A, 2 & 3, and 4 & 5; Phase 3, Sections 1A, 1B, 2A, 2B, 3 and 4; and Phase 4, Sections 1&2 and 3; and Omega Ranch: Phase 1 and 1B; Phase 2, North and South; and Phase 3 & 3B (aggregating approximately 293.25 acres and 1,925 total single-family lots). As of June 11, 2024, single-family residential development within the District consisted of approximately 1,710 completed homes, approximately 128 homes under construction, and approximately 87 vacant developed lots. The District also includes approximately 50.27 acres that have been developed for commercial purposes.

The remainder of land within the District includes approximately 44.67 undeveloped but developable acres and approximately 286.92 total undevelopable acres for right-of-way, floodplain, recreational and open spaces, and easements. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

HomebuildersActive Homebuilders in the District include KB Home, Meritage Homes, Westin Homes, Vintage Estate Homes, Carothers Homes, GFO Home, Dream Finders Homes, Saratoga Homes, Brohn Homes, M/I Homes, and Ashton Woods Homes. The homes being marketed in the District range in price from approximately \$215,000 to over \$500,000 and in size from approximately 1,250 square feet to over 4,250 square feet. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING THEIR INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2023 Certified Taxable Assessed Valuation	\$ 580,230,600	(a)
2024 Preliminary Taxable Assessed Valuation.....	\$ 692,518,976	(b)
Estimated Taxable Assessed Valuation as of June 1, 2024	\$ 733,470,000	(c)
Direct Debt		
The Outstanding Bonds (as of delivery of the Bonds).....	\$ 68,380,000	
The Bonds	<u>12,610,000</u>	
Total.....	\$ 80,990,000	
Estimated Overlapping Debt	<u>\$ 65,298,642</u>	(d)
Total Direct and Estimated Overlapping Debt	\$ 146,288,642	(d)
Direct Debt Ratio:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	13.96	%
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	11.69	%
As a Percentage of Estimated Taxable Assessed Valuation as of June 1, 2024	11.04	%
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	25.21	%
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	21.12	%
As a Percentage of Estimated Taxable Assessed Valuation as of June 1, 2024	19.94	%
Utility System Debt Service Fund Balance (as of June 24, 2024)	\$ 4,630,069	(e)
Road Debt Service Fund Balance (as of June 24, 2024)	\$ 866,640	(f)
General Operating Fund Balance (as of June 24, 2024)	\$ 629,614	
Capital Projects Fund Balance (as of June 24, 2024)	\$ 1,005,877	
Road Capital Projects Fund Balance (as of June 24, 2024)	\$ 9,700	
2023 Tax Rate		
Utility System Debt Service	\$ 0.62	
Road Debt Service	0.10	
Maintenance and Operation.....	<u>0.21</u>	
Total.....	\$ 0.93	
Combined Average Annual Debt Service Requirement (2024–2048).....	\$ 4,872,189	(g)
Combined Maximum Annual Debt Service Requirement (2046)	\$ 5,037,175	(g)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048) at 95% Tax Collections		
Based on the 2023 Certified Taxable Assessed Valuation.....	\$ 0.89	
Based on the 2024 Preliminary Taxable Assessed Valuation.....	\$ 0.75	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024.....	\$ 0.70	
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2046) at 95% Tax Collections		
Based on the 2023 Certified Taxable Assessed Valuation.....	\$ 0.92	
Based on the 2024 Preliminary Taxable Assessed Valuation.....	\$ 0.77	
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024.....	\$ 0.73	

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- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2023, provided by the Appraisal District (herein defined). See "TAX DATA" and "TAXING PROCEDURES."
 - (b) Provided by the Appraisal District as the preliminary value as of January 1, 2024. This value represents the preliminary determination of the taxable value in the District as of January 1, 2024. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PRODECURES." See "TAX DATA" and "TAXING PROCEDURES."
 - (c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of June 1, 2024, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2023 through June 1, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
 - (e) Neither Texas Law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Utility System Debt Service Fund (herein defined). The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds and the Bonds, not the Outstanding Road Bonds.
 - (f) Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, not the Outstanding Utility Bonds or the Bonds.
 - (g) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

\$12,610,000
WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 23
UNLIMITED TAX BONDS
SERIES 2024

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Williamson County Municipal Utility District No. 23 (the "District") of its \$12,610,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; (ii) an election held within the District on November 4, 2014; (iii) an order adopted by the Board of Directors of the District (the "Board") authorizing the sale of the Bonds (the "Bond Order"); and (iv) an order of the Texas Commission on Environmental Quality (the "TCEQ").

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co. Incorporated, Attn: David Smalling, 4801 Woodway Drive, Suite 118-E, Houston, Texas 77010 upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon written request made to Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

The Bonds are dated July 1, 2024 (the "Dated Date"), and will accrue interest from the date of delivery, which is expected to be on July 23, 2024 (the "Date of Delivery"), with interest payable March 1, 2025, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on September 1 of the years shown on the inside cover of this Official Statement. Principal of the Bonds will be payable to the Registered Owners (herein defined) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Participants (herein defined), (2) Participants or

others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners (herein defined), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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 Issue 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).

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

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

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

The information in the 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 of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying

Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Funds

The Bond Order creates a fund for debt service on the Bonds (the "Utility Debt Service Fund"). The Utility Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds, and any additional unlimited tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds, the Bonds, and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Utility Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds, the Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption Provisions

Optional Redemption

Bonds maturing on September 1, 2032, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such 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 bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bond maturing on September 1 in the year 2037 is a term bond (the "Term Bond"), and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

\$1,040,000 Term Bond Maturing on September 1, 2037

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2036	\$ 510,000
September 1, 2037 (Maturity)	\$ 530,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/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 (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form), 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 the Term Bond to be mandatorily redeemed on 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 Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At an election held within the District on November 4, 2014, voters of the District authorized the District's issuance of \$92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and \$139,440,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds, and \$6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities serving the District and \$10,425,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. At an election held within the District on May 7, 2016, voters of the District authorized the District's issuance of \$80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing a road system to serve the District (the "Road System") and \$120,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; (ii) an election held within the District on November 4, 2014; (iii) the Bond Order; and (iv) an order of the TCEQ.

Outstanding Bonds

The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System: \$3,915,000 Unlimited Tax Bonds, Series 2018; \$5,145,000 Unlimited Tax Bonds, Series 2019; \$8,350,000 Unlimited Tax Bonds, Series 2020; \$11,335,000 Unlimited Tax Bonds, Series 2021; \$7,745,000 Unlimited Tax Bonds, Series 2022; and \$25,000,000 Unlimited Tax Bonds, Series 2023 (the "Outstanding Utility Bonds"). The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing the Road System: \$3,800,000 Unlimited Tax Road Bonds, Series 2021 and \$5,900,000 Unlimited Tax Road Bonds, Series 2022 (the "Outstanding Road Bonds," and collectively with the Outstanding Utility Bonds, the "Outstanding Bonds"). As of delivery of the Bonds, \$68,380,000 principal amount of such prior indebtedness will remain outstanding.

Source of Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds, and additional bonds payable from taxes which may be issued.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas (the “State”); Williamson County, Texas (the “County”); the City of Liberty Hill, Texas (the “City”); or any entity other than the District.

Short-Term Debt

In connection with the Bonds, the District has issued its \$7,254,000 Bond Anticipation Note, Series 2023 (the “BAN”), dated November 28, 2023. The BAN accrues interest at a rate of 5.80% per year (computed on the basis of a 365-day year and the actual days elapsed) and matures on November 26, 2024.

Issuance of Additional Debt

The Bonds represent the ninth series of bonds issued by the District, and the seventh series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$18,860,000 for the purpose of acquiring or constructing Utility System and \$139,440,000 for the purpose of refunding such bonds; \$70,300,000 for the purpose of acquiring or constructing the Road System and \$120,000,000 for the purpose of refunding such bonds; and \$6,950,000 for the purpose of acquiring or constructing park and recreational facilities and \$10,425,000 for the purpose of refunding such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District’s voters and, in the case of bonds issued for the purpose of acquiring or constructing the Utility System, and park and recreational facilities, approved by the TCEQ).

Following the issuance of the Bonds, the District will owe the Developer (herein defined) approximately \$4,450,000 for its expenditures to acquire or construct the Utility System, approximately \$10,000,000 for expenditures to acquire or construct park and recreational facilities in the District, and approximately \$20,000,000 for expenditures to acquire or construct the Road System.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance.

Annexation

The District lies within the extraterritorial jurisdiction of the City. Under Texas law, property within the extraterritorial jurisdiction of the City may be annexed by the City without the consent of the District, subject to the observance of and compliance by the City with various requirements of Chapter 43, Texas Local Government Code, as amended. Effective December 1, 2017, this may include the requirement that the City hold an election within the District to approve the annexation. If annexation by the City does occur, the District would be abolished within 90 days after annexation. When the District is abolished, the City must assume the assets, functions and obligations of the District including the Bonds. No representation is made concerning the likelihood of annexation or the ability of the City to make debt service payments should annexation occur.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, 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 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.

Defeasance

The Bond Order 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 noncallable 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, or (c) noncallable obligations of a state, agency, 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt 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 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.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the 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. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

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Use and Distribution of Bond Proceeds

A portion of the proceeds of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the costs to acquire or construct the Utility System. Additionally, proceeds from the Bonds will also be used to reimburse the Developer for its expenditures that were not reimbursed by the BAN, to pay developer interest, to pay BAN interest and to pay other certain costs associated with the issuance of the BAN and the Bonds. Totals may not sum due to rounding.

<u>Construction Costs</u>	<u>District's Share</u>
A. Developer Contribution Items	
1. Kauffman Loop, Morningstar Phase 1, Section 1, Section 2, Section 4A and Amenity Center	\$ 705,093
2. Morningstar Phase 2, Section 1A	208,396
3. Morningstar Phase 2, Sections 2 & 3	56,231
4. Morningstar Phase 4, Section 3	462,173
5. Omega Ranch Phase 1 & 1B	3,047,700
6. Morning Star Phase 3 Section 3 Engineering Costs	259,667
Total Developer Contribution Items	\$ 4,739,260
B. District Items	
1. Morningstar Impact Fees - Water	\$ 893,357
2. Morningstar Impact Fees - Wastewater	722,100
3. Omega Impact Fees - Water	1,273,464
4. Omega Impact Fees - Wastewater	478,400
5. Land Cost	619,457
Total District Items	\$ 3,986,778
Total Construction Costs	\$ 8,726,038
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 330,250
B. Fiscal Agent Fees	252,200
C. Interest	
1. Developer Interest	2,160,369
2. BAN Interest	278,151
D. Bond Discount	378,300
E. Bond Issuance Expenses	58,724
F. BAN Issuance Expenses	176,964
G. Bond Application Report	69,025
H. Attorney General Fees (0.1% of BIR w/ max \$9,500)	9,500
I. TCEQ Bond Issuance Fee (0.25% of BIR)	31,525
J. Contingency (a)	138,954
Total Non-Construction Costs	\$ 3,883,962
TOTAL BOND ISSUE REQUIREMENT	\$12,610,000

(a) Represents the difference between the estimated and actual amounts of BAN Interest.

The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, limited, however, to the purposes for which the Bonds were issued.

The Engineer (herein defined) has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated January 25, 2008, and by a confirmation election held within the District on November 4, 2014. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts and is empowered, among other things, 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; and the control and diversion of storm water.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In 2015, legislation was enacted granting the District the power to finance roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

Description

The District comprises approximately 675.20 total acres and is situated entirely within the County, the extraterritorial jurisdiction of the City, and the boundaries of Liberty Hill Independent School District. The District is within the five-county metropolitan area commonly known as Greater Austin. The District is located along the frontage of Highway 29; approximately 0.1 miles from the intersection of Highway 29 and Ronald Reagan Boulevard; approximately 6.5 miles southeast of the City; approximately 8.6 miles west of the City of Georgetown, Texas; and approximately 26.13 miles northwest from the City of Austin, Texas.

Management of the District

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. All of the director's own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Kris Ehlert	President	2026
Jonathan Parker	Vice President	2028
Todd Kolkhorst	Secretary	2026
Anthony Jasinski	Assistant Secretary	2028
Milton Schultz III	Assistant Secretary	2026

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is the Williamson County Tax Assessor Collector (the “Tax Assessor/Collector”).

Bookkeeper: The District’s bookkeeper is L&S District Services, LLC (the “Bookkeeper”).

Auditor: The District engaged McCall Gibson Swedlund Barfoot, PLLC, to audit its financial statements for the fiscal year ended August 31, 2023. Said financial statements are attached hereto as “APPENDIX A.”

Engineer: The District’s engineer is HR Green Development Texas, LLC. (the “Engineer”).

Bond Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Disclosure Counsel: Orrick Herrington & Sutcliffe LLP, Houston, Texas has been designated as disclosure counsel (“Disclosure Counsel”). The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the “Financial Advisor”). The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

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General Fund Operating Statement

The following is a summary of the District's general fund activity for the last five fiscal years. The summary has been prepared by the Financial Advisor based upon information obtained from the District's audited financial statements and the Bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A." For the fiscal year ended August 31 in the years 2019-2023, the figures below are audited.

	Fiscal Year Ended August 31				
	2023	2022	2021	2020	2019
Revenues					
Property Taxes	\$732,778	\$ 518,627	\$ 328,200	\$ 313,824	\$ 310,289
Penalty and Interest	-	-	-	-	-
Investment Revenues	<u>19,437</u>	<u>1,467</u>	<u>104</u>	<u>1,585</u>	<u>1,843</u>
Total Revenues	\$752,215	\$ 520,094	\$ 328,304	\$ 315,409	\$ 312,132
Expenditures					
Professional Fees	\$134,267	\$ 120,989	\$ 116,001	\$ 121,052	\$ 76,536
Contracted Services	35,259	29,886	34,690	6,585	6,479
Repairs and Maintenance	427,119	336,659	299,141	107,117	123,146
Other	32,411	17,683	15,933	17,388	12,142
Capital Outlay	<u>91,130</u>	-	-	-	-
Total Expenditures	\$720,186	\$ 505,217	\$ 465,765	\$ 252,142	\$ 218,303
Revenues Over (Under) Expenditures	\$ 32,029	\$ 14,877	\$ (137,461)	\$ 63,267	\$ 93,829
Other Financing Sources (Uses)					
Transfer In (Out)	\$ -	\$ 212,420	\$ -	\$ -	\$ (219)
Developer Advances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	\$ 32,029	\$ 212,420	\$ (137,461)	\$ 63,267	\$ 93,610
Fund Balance, Beginning of Year	\$369,044	\$ 141,747	\$ 279,208	\$ 215,941	\$ 122,331
Fund Balance, End of Year	<u>\$401,073</u>	<u>\$ 369,044</u>	<u>\$ 141,747</u>	<u>\$ 279,208</u>	<u>\$ 215,941</u>

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PHOTOGRAPHS TAKEN IN THE DISTRICT
(MAY 2024)



AERIAL TAKEN OF THE DISTRICT
(MAY 2024)



DEVELOPMENT OF THE DISTRICT

Morningstar

The District is part of the master-planned residential community known as Morningstar. Located along Highway 29, Morningstar offers its residents access to commuter routes and places of work in the City of Austin, Texas, as well as a number of amenities including an open-air event pavilion, resort-style pool, kids' splash pad, playgrounds, hike and bike trails, and acres of open space and greenbelt throughout the community.

Status of Development within the District

As of June 11, 2024, land within the District has been developed residentially as the single-family subdivisions of Morningstar: Phase 1, Sections 1, 2, 3, 4A, and 4B; Phase 2, Sections 1, 1A, 2A, 2 & 3, and 4 & 5; Phase 3, Sections 1A, 1B, 2A, 2B, 3 and 4; and Phase 4, Sections 1&2 and 3; and Omega Ranch: Phase 1 and 1B; Phase 2, North and South; and Phase 3 & 3B (aggregating approximately 293.25 acres and 1,925 total single-family lots). As of June 11, 2024, single-family residential development within the District consisted of approximately 1,710 completed homes, approximately 128 homes under construction, and approximately 87 vacant developed lots. The District also includes approximately 50.27 acres that have been developed for commercial purposes. The remainder of land within the District includes approximately 44.67 undeveloped but developable acres and approximately 286.92 total undevelopable acres for right-of-way, floodplain, recreational and open spaces, and easements.

The table below summarizes the status of development and land use within the District as of June 11, 2024:

Morningstar	Approximate Acreage (a)	Section Lots	Homes Completed	Homes Under Construction	Vacant Lots
Phase 1, Section 1	19.02	103	101	0	2
Phase 1, Section 2	22.77	108	108	0	0
Phase 1, Section 3	10.33	60	60	0	0
Phase 1, Section 4A	4.05	17	17	0	0
Phase 1, Section 4B	6.92	32	27	0	5
Phase 2, Section 1	11.16	54	54	0	0
Phase 2, Section 2A	2.28	17	17	0	0
Phase 2, Section 2 & 3	17.28	132	132	0	0
Phase 2, Section 4 & 5	20.32	138	138	0	0
Phase 3, Section 1A	11.57	69	69	0	0
Phase 3, Section 1B	12.27	69	69	0	0
Phase 3, Section 2A	13.08	93	93	0	0
Phase 3, Section 2B	14.96	98	98	0	0
Phase 3, Section 3	14.48	86	86	0	0
Phase 3, Section 4 Phase 4 Section 1 & 2	18.74	153	153	10	0
Phase 4, Section 3	15.41	114	104	0	0
Omega Ranch					
Phase 1 & 1B	32.63	234	222	11	1
Phase 2, North	11.46	78	44	24	10
Phase 2, South	13.97	93	91	0	2
Phase 3 & 3B	20.55	177	27	83	67
Total	293.25	1,925	1,710	128	87
Residential Development	293.25				
Commercial Development	50.27				
ROW	126.18				
Open	160.73				
Space/Amenity/Easement/Floodplain					
Remaining Developable	44.67				
District Total	675.200				

(a) Totals may not sum due to rounding.

Homebuilders within the District

Homebuilders active in the District include Meritage Homes, Saratoga Homes and Brohn Homes. The homes being marketed in the District range in price from approximately \$215,000 to over \$500,000 and in size from approximately 1,250 square feet to over 4,250 square feet.

Lot-Sales Contracts

The Developer has entered into lot sales contracts with each of KB Home, Meritage Homes, Westin Homes, Vintage Estate Homes, Carothers Homes, GFO Home, Dream Finders Homes, Saratoga Homes, Brohn Homes, M/I Homes, and Ashton Woods Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, currently a total of approximately \$0 for all of the lot-sales contracts. According to the Developer, each of the builders is in compliance with their respective lot sale contracts.

As of June 11, 2024, the total number of lots contracted for and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
KB Home	70	70
Meritage Homes (Morningstar)	361	361
Westin Homes	66	66
Vintage Homes	25	25
Carothers Homes	33	33
GFO Home	47	47
Dream Finders Homes	100	100
Saratoga Homes (Morningstar)	99	99
Brohn Homes	386	386
M/I Homes	69	69
Ashton Woods Homes	87	87
Meritage Homes (Omega)	411	411
Saratoga Homes (Omega)	171	171
Total	1,925	1,925

THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the district, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater, and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any of its affiliate entities, are obligated to pay the principal of or interest on the Bonds. Furthermore, neither the Developer, nor any of its affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer, or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

The Developer is managed by the principals of MA Partners, LLC, a developer of master-planned communities with properties under development and management in several states, particularly Texas and its major markets.

THE UTILITY SYSTEM

Regulation

Construction and operation of the water, sanitary sewer and storm drainage system serving the District 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 water and sanitary service serving the District. Construction of water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of the District and the County. The TCEQ also exercises regulatory jurisdiction over portions of the water and sanitary sewer facilities.

Water Supply

Water services to retail customers within the District are provided by Georgetown Utility Services ("Georgetown"), which purchased water facilities and associated service rights from Chisholm Trail Special Utility District ("CTSUD"). As part of the facilities purchase, Georgetown and the Developer were assigned that certain Non-Standard Water Service Agreement dated effective May 15, 2014 (the "Water Service Agreement"), entered into by and between CTSUD and MA Partners, LLC, as the respective assignors, as well as the subsequent Water Service Agreement between MA Omega Ranch and the City of Georgetown dated effective

October 21, 2021. The Georgetown water supply is capable of serving 126,857 equivalent single-family connections ("ESFCS"), which is sufficient to serve full build-out of the District.

Under the Water Service Agreement, the cost of certain water related facilities and contract rights therefor is borne by the Developer, which is reimbursed by the District. The water facilities are transferred to Georgetown which then supplies retail water service to customers in the District. Georgetown receives its potable water supply from Lake Georgetown and the Edwards Aquifer. Georgetown delivers potable water to customers in the District via an 18-inch transmission line.

Pursuant to the Water Service Agreement, the Developer has a commitment for water supply capacity sufficient to serve a total of 2,631 living unit equivalents ("LUEs"). Water supplied by Georgetown is obtained pursuant to an agreement with the Brazos River Authority ("BRA") for 11,000-acre feet of water per year from Lake Georgetown and from four wells in the Edwards Aquifer. Potable water from Georgetown is delivered to a 1-million-gallon concrete ground storage tank and then pumped via a booster pump station (containing two 1,800 gallons per minute centrifugal pumps, a comprehensive data control and alarm system, auxiliary standby generator, and related appurtenances) through the 18-inch transmission line into the internal water distribution system within the District. The Water Service Agreement requires that the water facilities, including the internal water distribution facilities constructed by the Developer on behalf of the District be conveyed to Georgetown and that Georgetown operates and maintains the internal water distribution system. Retail water service is provided directly by Georgetown to customers in the District. Retail water customers in the District are charged Georgetown's standard rates for retail water service to customers located outside of the City of Georgetown, as established by Georgetown from time to time.

Wastewater Treatment

The City is the sole provider of retail wastewater service to the District through contractual agreement. Effective April 25, 2016, the City and the Developer entered into that certain Second Amended and Restated Development Agreement under which the City commits to provide 2,100 LUEs of wastewater treatment and disposal capacity for the development of the District. The City's wastewater capacity is capable of serving 11,430 ESFCS, which is sufficient to serve full build-out of the District.

Storm Water Drainage

Natural drainage patterns generally slope from the District to the San Gabriel River. Storm-water runoff is collected by curb and gutter streets which tie into a system of underground storm sewer lines which outfall into detention and water quality ponds and one of two detention ponds prior to being released towards the San Gabriel River. The District is located within the Edwards Aquifer Contributing Zone and Recharge Zone and is subject to the TCEQ's Edwards Aquifer Rules, including an approved Water Pollution Abatement Plan for water quality control during and after construction.

100-Year Flood Plain

According to the District's Engineer, portions of the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map No. 48491C0275E, for the County, dated September 26, 2008. No lots are developed nor are any expected to be developed on the acreage that is located within the boundary of the 100-year flood plain.

THE ROAD SYSTEM

The roads within the District vary in width in accordance with standards adopted by Williamson County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

Construction and operation of the streets serving the District 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. Construction of the streets is subject to the regulated authority of the District and the County. Maintenance of the streets supporting the District is subject to the direction and operation of the District. Pursuant to House Bill 1111, 84th Legislature, Regular Session, the District was given the authority to issue bonds and defining the construction, acquisition, improvement, and maintenance of all road improvements within the development.

The roads within the District vary in width in accordance to the standards adopted by the City as defined by City of Round Rock, Texas, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District.

According to the amended development agreement, between MREC MAG Morningstar LLC and the County, construction and reimbursement for \$800,000 of the fees associated with the Kauffman Loop Right-of-Way was designated to be reimbursed in \$200,000 increments over four (4) series of bonds issued by the District. This amount has been paid in full.

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DISTRICT DEBT

General

2023 Certified Taxable Assessed Valuation	\$ 580,230,600	(a)
2024 Preliminary Taxable Assessed Valuation.....	\$ 692,518,976	(b)
Estimated Taxable Assessed Valuation as of June 1, 2024	\$ 733,470,000	(c)

Direct Debt

The Outstanding Bonds (as of delivery of the Bonds).....	\$ 68,380,000
The Bonds	<u>12,610,000</u>
Total.....	\$ 80,990,000

Estimated Overlapping Debt	\$ 65,298,642	(d)
Total Direct and Estimated Overlapping Debt	\$ 146,288,642	(d)

Direct Debt Ratio:

As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	13.96	%
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	11.69	%
As a Percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024....	11.04	%

Direct and Estimated Overlapping Debt Ratio:

As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	25.21	%
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	21.12	%
As a Percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024....	19.94	%

Utility System Debt Service Fund Balance (as of June 24, 2024)	\$ 4,630,069	(e)
Road Debt Service Fund Balance (as of June 24, 2024)	\$ 866,640	(f)
General Operating Fund Balance (as of June 24, 2024)	\$ 629,614	
Capital Projects Fund Balance (as of June 24, 2024)	\$ 1,005,877	
Road Capital Projects Fund Balance (as of June 24, 2024)	\$ 9,700	

2023 Tax Rate

Utility System Debt Service	\$ 0.62
Road Debt Service	0.10
Maintenance and Operation.....	<u>0.21</u>
Total.....	\$ 0.93

Combined Average Annual Debt Service Requirement (2024–2048).....	\$ 4,872,189	(g)
Combined Maximum Annual Debt Service Requirement (2046)	\$ 5,037,175	(g)

Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048) at 95% Tax Collections

Based on the 2023 Certified Taxable Assessed Valuation.....	\$ 0.89
Based on the 2024 Preliminary Taxable Assessed Valuation.....	\$ 0.75
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024.....	\$ 0.70

Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2046) at 95% Tax Collections

Based on the 2023 Certified Taxable Assessed Valuation.....	\$ 0.92
Based on the 2024 Preliminary Taxable Assessed Valuation.....	\$ 0.77
Based on the Estimated Taxable Assessed Valuation as of June 1, 2024.....	\$ 0.73

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- (a) Represents the assessed valuation of all taxable property in the District as of January 1, 2023, provided by the Appraisal District (herein defined). See "TAX DATA" and "TAXING PROCEDURES."
 - (b) Provided by the Appraisal District as the preliminary value as of January 1, 2024. This value represents the preliminary determination of the taxable value in the District as of January 1, 2024. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PRODECURES." See "TAX DATA" and "TAXING PROCEDURES."
 - (c) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of June 1, 2024, and includes an estimate of additional taxable value resulting from the construction of taxable improvements from January 1, 2023 through June 1, 2024. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
 - (e) Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Outstanding Utility Bonds and the Bonds, not the Outstanding Road Bonds.
 - (f) Neither Texas Law nor the Bond Order requires that the District maintain any particular sum in the Road Debt Service Fund (herein defined). The funds in the Road Debt Service Fund are pledged only to pay the debt service on the Outstanding Road Bonds, not the Outstanding Utility Bonds or the Bonds.
 - (g) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds, as well as the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service (a)	The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2024	\$ 2,946,552	\$ –	\$ –	\$ –	\$ 2,946,552
2025	4,125,331	250,000	559,024	809,024	4,934,355
2026	4,120,571	325,000	494,400	819,400	4,939,971
2027	4,118,321	340,000	481,400	821,400	4,939,721
2028	4,117,521	360,000	467,800	827,800	4,945,321
2029	4,112,511	375,000	453,400	828,400	4,940,911
2030	4,115,221	400,000	438,400	838,400	4,953,621
2031	4,112,284	420,000	422,400	842,400	4,954,684
2032	4,122,106	435,000	405,600	840,600	4,962,706
2033	4,128,539	455,000	388,200	843,200	4,971,739
2034	4,131,689	475,000	370,000	845,000	4,976,689
2035	4,140,965	490,000	351,000	841,000	4,981,965
2036	4,141,388	510,000	331,400	841,400	4,982,788
2037	4,148,113	530,000	311,000	841,000	4,989,113
2038	4,156,168	545,000	289,800	834,800	4,990,968
2039	4,159,568	570,000	268,000	838,000	4,997,568
2040	4,169,194	590,000	245,200	835,200	5,004,394
2041	4,179,584	610,000	221,600	831,600	5,011,184
2042	4,184,041	635,000	197,200	832,200	5,016,241
2043	4,194,100	655,000	171,800	826,800	5,020,900
2044	4,199,963	680,000	145,600	825,600	5,025,563
2045	4,211,950	700,000	118,400	818,400	5,030,350
2046	4,216,775	730,000	90,400	820,400	5,037,175
2047	4,000,150	755,000	61,200	816,200	4,816,350
2048	3,627,900	775,000	31,000	806,000	4,433,900
Total	\$101,880,503	\$12,610,000	\$ 7,314,224	\$ 19,924,224	\$121,804,727

(a) Outstanding debt as of July 23, 2024.

Combined Average Annual Debt Service Requirement (2024–2048).....\$ 4,872,189
Combined Maximum Annual Debt Service Requirement (2046).....\$ 5,037,175

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Direct and Estimated Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt April 30, 2024	Overlapping	
		Percent	Amount
Williamson County	\$ 1,311,170,000	0.48%	\$ 6,261,783
Liberty Hill Independent School District	708,230,531	8.34%	<u>59,036,859</u>
Total Estimated Overlapping Debt			\$ 65,298,642
Direct Debt (a)			<u>\$ 80,990,000</u>
Total Direct and Estimated Overlapping Debt (a)			<u><u>\$146,288,642</u></u>

(a) Includes the Bonds and Outstanding Bonds.

Debt Ratios

Ratio of Direct Debt (a):

As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	13.96 %
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	11.69 %
As a Percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024.....	11.04 %

Ratio of Direct and Estimated Overlapping Debt (a):

As a Percentage of the 2023 Certified Taxable Assessed Valuation.....	25.21 %
As a Percentage of the 2024 Preliminary Taxable Assessed Valuation.....	21.12 %
As a Percentage of the Estimated Taxable Assessed Valuation as of June 1, 2024.....	19.94 %

(a) Includes the Bonds and Outstanding Bonds.

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 sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue for the Utility System (and to pay the expenses of assessing and collecting such taxes). See "INVESTMENT CONSIDERATIONS – Future Debt." The Board is also authorized to levy an annual ad valorem tax rate, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on any bonds payable from taxes that the District may hereafter issue for the Road System (and to pay the expenses of assessing and collecting such taxes). The District agrees in the Bond Order to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District. See "TAX DATA – Maintenance and Operation Taxes."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of 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 Williamson Central Appraisal District (the "Appraisal District"). The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Williamson County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

General: 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 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; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election, which the District would be required to call 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the

appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption is transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to twenty (20%) percent 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 District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2011 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more 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. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has not taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and 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. At this time, the County has not designated any of the area within the District as a reinvestment zone.

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 requires the Appraisal District to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the Appraisal District as least once every three 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 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% 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.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected. After the 2024 tax year, through December 31, 2026, the Maximum Property Value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to 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 that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Property 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years for agricultural use, timberland or open space land prior to the loss of the designation.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance and operation 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 twenty percent (20%) penalty for collection costs. A delinquent tax on personal property incurs an additional twenty percent (20%) penalty, sixty (60) days after the date the taxes become delinquent (April 1). For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property

within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Order, the Board covenants to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "INVESTMENT CONSIDERATIONS." For the 2023 tax year, the District levied a total tax of \$0.93 per \$100 of assessed valuation made up of the following: a tax in the amount of \$0.62 per \$100 of assessed valuation for payment of utility debt service; a tax in the amount of \$0.10 per \$100 of assessed valuation for payment of road debt service and a tax in the amount of \$0.21 per \$100 of assessed valuation for maintenance and operation of District improvements.

Tax Rate Limitation

Debt Service	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation General	\$1.20 per \$100 assessed taxable valuation.
Maintenance and Operation Recreation.....	\$0.10 per \$100 assessed taxable valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2023 tax year, the District levied a total tax of \$0.72 per \$100 of assessed valuation for payment of debt service.

Maintenance and Operation Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District's improvements if such maintenance and operation tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance and operation tax in an amount not to exceed \$1.20 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future. For the 2023 tax year, the District levied a total tax of \$0.21 per \$100 of assessed valuation for maintenance and operation of District improvements. See "Tax Rate Distribution" below.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that will either: (1) become delinquent on or after February 1 of a year, but not later than June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Property Tax Code.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2017–2023 tax years:

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year (a)	Current Year Ending 09/30	Collections 04/30/24
2017	\$ 22,196,603	0.950	\$ 210,868	100.00%	2018	100.00%
2018	53,892,476	0.950	511,979	99.45%	2019	100.00%
2019	89,055,579	0.950	846,028	98.04%	2020	100.00%
2020	163,795,836	0.950	1,556,060	94.38%	2021	100.00%
2021	273,098,854	0.950	2,594,439	95.30%	2022	100.00%
2022	459,204,866	0.950	4,362,446	98.43%	2023	98.43%
2023	580,230,600	0.930	5,396,145	98.86% (b)	2024	98.86%(b)

(a) Collections as of December 31 for the applicable year.

(b) In process of collections.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the 2019–2023 tax years.

	2023	2022	2021	2020	2019
Utility Debt Service	\$ 0.620	\$ 0.660	\$ 0.750	\$ 0.750	\$ 0.630
Road Debt Service	0.100	0.140	0.000	0.000	0.000
Maintenance & Operation	<u>0.210</u>	<u>0.150</u>	<u>0.200</u>	<u>0.200</u>	<u>0.320</u>
Total	\$ 0.930	\$ 0.950	\$ 0.950	\$ 0.950	\$ 0.950

Analysis of Tax Base

The following represents the types of property comprising the District's assessed taxable value for each of the 2019–2023 tax years.

Type of Property	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation
Land	\$154,883,004	\$140,506,047	\$ 86,169,222	\$ 75,336,079	\$ 41,949,528
Improvements	475,123,464	348,316,163	209,024,603	105,351,410	53,617,313
Personal Property	2,365,394	2,799,245	2,206,907	1,205,422	484,574
Exemptions	<u>(52,141,262)</u>	<u>(32,416,589)</u>	<u>(24,301,878)</u>	<u>(18,097,075)</u>	<u>(6,995,836)</u>
Total	\$580,230,600	\$459,204,866	\$273,098,854	\$163,795,836	\$ 89,055,579

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2023:

Taxpayer	Type of Property	Assessed Valuation 2023 Tax Roll	Percent of District's 2023 Value
Meritage Homes of Texas LLC (a)	Land & Improvements	\$ 12,109,373	2.27%
Kauffman Multifamily Partners LLC	Land & Improvements	11,410,394	2.21%
Star Infra LLC	Land & Improvements	5,242,190	1.39%
Saratoga Homes of Texas Austin LLC (a)	Land & Improvements	4,278,761	0.49%
Liberty Hill Propco Owner LP	Land & Improvements	2,812,480	0.40%
Pixel Management LLC	Land & Improvements	2,646,284	0.33%
12 Oaks Village LP	Land & Improvements	2,485,572	0.22%
Homeowner	Land & Improvements	1,163,279	0.21%
Twelve Oaks Professional Park Commercial LP	Land & Improvements	986,491	0.20%
Homeowner	Land & Improvements	884,275	0.19%
Total		\$ 45,680,380	7.87%

(a) See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's assessed taxable valuation as of January 1, 2023 (\$580,230,600) or the 2024 Preliminary Taxable Assessed Valuation (\$692,518,976), and the District's estimated taxable assessed valuation as of June 1, 2024 (\$733,470,000). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2024–2048)	\$ 4,872,189
Debt Service Tax Rate of \$0.89 on the 2023 Certified Taxable Assessed Valuation.....	\$ 4,905,850
Debt Service Tax Rate of \$0.75 on the 2024 Preliminary Taxable Assessed Valuation	\$ 4,934,198
Debt Service Tax Rate of \$0.70 on the Estimate of Value as of June 1, 2024	\$ 4,877,576
Maximum Annual Debt Service Requirement (2046)	\$ 5,037,175
Debt Service Tax Rate of \$0.92 on the 2023 Certified Taxable Assessed Valuation.....	\$ 5,071,215
Debt Service Tax Rate of \$0.77 on the 2024 Preliminary Taxable Assessed Valuation.....	\$ 5,065,776
Debt Service Tax Rate of \$0.73 on the Estimate of Value as of June 1, 2024	\$ 5,086,614

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Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT –Direct and Estimated Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2023 taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2023 Tax Rate
Williamson County	\$ 0.333116
Williamson County Emergency Services District No. 4	0.067969
Williamson County FM Road District	0.044329
Liberty Hill Independent School District	1.169200
The District	<u>0.930000</u>
Total	\$ 2.544614

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas; the County; the City; or any political subdivision or entity other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA" and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The District is situated in the five-county metropolitan area known as Greater Austin, and the rate of development of the District is directly related to the vitality of the residential housing industry in said metropolitan area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowners and Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and

result in higher tax rates. See “DEVELOPMENT OF THE DISTRICT,” “THE DEVELOPER” and “TAX DATA – Principal Taxpayers.”

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt-service obligations. As illustrated in this Official Statement under the caption “TAX DATA – Principal Taxpayers,” as of January 1, 2023, the District’s principal taxpayers owned property located within the District the aggregate assessed taxable valuation of which comprised approximately 7.59% of the District’s total assessed taxable valuation. Meritage Homes of Texas, LLC, the District’s largest taxpayer, owns approximately 2.09% of the District’s assessed taxable valuation as of January 1, 2023. See “THE DEVELOPER” and “TAX DATA – Principal Taxpayers.”

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its interest and sinking fund. See “TAX DATA – Principal Taxpayers” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The assessed taxable valuation as of January 1, 2023, of all property located within the District is \$580,230,600 and the 2024 Preliminary Taxable Assessed Valuation, is \$692,518,976, and the estimated taxable assessed valuation as of June 1, 2024, is \$733,470,000. See “TAX DATA.”

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2046) will be \$5,037,175 and the average annual debt service requirement on the Outstanding Bonds and Bonds (2024–2048) will be \$4,872,189. Assuming no decrease to the District’s assessed taxable valuation as of January 1, 2023, tax rates of \$0.92 and \$0.89 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the District’s 2024 Preliminary Taxable Assessed Valuation, tax rates of \$0.77 and \$0.75 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Based on the District’s estimated taxable assessed valuation as of June 1, 2024, and no use of funds on hand, a tax rate of \$0.73 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of \$0.70 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. For the 2023 tax year, the District levied a total tax of \$0.93 per \$100 of assessed valuation made up of the following: a tax in the amount of \$0.62 per \$100 of assessed valuation for payment of utility debt service; a tax in the amount of \$0.10 per \$100 of assessed valuation for payment of road debt service and a tax in the amount of \$0.21 per \$100 of assessed valuation for maintenance and operation of District improvements.

Competitive Nature of Residential Housing Market

The housing industry in the five-county metropolitan area commonly known as Greater Austin is very competitive, but the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collections and Foreclosure Remedies

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby 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 determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owners' claims.

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

A special purpose district cannot be placed into bankruptcy involuntarily.

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.

Marketability

The District has no understanding with the initial purchaser of the Bonds (the “Initial Purchaser”) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Future Debt

At an election held within the District on November 4, 2014, voters of the District authorized the District’s issuance of \$92,960,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and \$139,440,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds, and \$6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities serving the District and \$10,425,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds. At an election held within the District on May 7, 2016, voters of the District authorized the District’s issuance of \$80,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and \$120,000,000 principal amount of unlimited tax bonds for the purpose of refunding such bonds.

The Bonds represent the ninth series of bonds issued by the District, and the seventh series of bonds issued by the District for the purpose of acquiring or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$18,860,000 for the purpose of acquiring or constructing Utility System and \$139,440,000 for the purpose of refunding such bonds; \$70,300,000 for the purpose of acquiring or constructing the Road System and \$120,000,000 for the purpose of refunding such bonds; and \$6,950,000 for the purpose of acquiring or constructing park and recreational facilities and \$10,425,000 for the purpose of refunding such bonds. The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. See “THE BONDS – Issuance of Additional Debt.”

The District’s issuance of the remaining \$18,860,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and the \$6,950,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational improvements shall be subject to approval by the TCEQ.

Following the issuance of the Bonds, the District will owe the Developer approximately \$4,450,000 for its expenditures to acquire or construct the Utility System, approximately \$10,000,000 for expenditures to acquire or construct park and recreational facilities in the District, and approximately \$20,000,000 for expenditures to acquire or construct the Road System.

If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

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

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting 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 state and 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 proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES."

Continuing Compliance with Certain Covenants

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

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 Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a

nonattainment area should ozone levels increase. 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 Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin 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 Austin Area. It is possible that additional controls will be necessary to allow the Austin Area to maintain attainment with the ozone standards. Such additional controls could have a negative impact on the Austin 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 Austin 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.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ's Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

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.

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

Potential Impact of Natural Disaster

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

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

Specific Flood Type Risks

The District may be subject to the following risks:

Ponding (or Pluvial) Flood: Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

Riverine (or Fluvial) Flood: Riverine, or fluvial, flooding occurs when water levels rise over the top of river, bayou or channel banks due to excessive rain from tropical systems making landfall and/or persistent thunderstorms over the same area for extended periods of time. The damage from a riverine flood can be widespread. The overflow can affect smaller rivers and streams downstream, or may sheet-flow over land. Flash flooding is a type of riverine flood that is characterized by an intense, high velocity torrent of water that occurs in an existing river channel with little to no notice. Flash flooding can also occur even if no rain has fallen, for instance, after a levee, dam or reservoir has failed or experienced an uncontrolled release, or after a sudden release of water by a debris or ice jam. In addition, planned or unplanned controlled releases from a dam, levee or reservoir also may result in flooding in areas adjacent to rivers, bayous or drainage systems downstream.

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable

property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Bond Insurance Risk Factors

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance 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 "RATINGS."

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 or the Initial Purchaser has 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 of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "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.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds and the approving legal opinion of Bond Counsel, to a like effect, and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds is not subject to the federal alternative minimum tax.

Bond Counsel has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT," "THE BONDS (except under the subheading "Registered Owner's Remedies)," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertaking") 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 Developer 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.

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Initial Purchaser of its obligations to take up and pay for the Bonds.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) 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 Code) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2023. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

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

Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

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

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

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

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

Proposed Tax Legislation

If enacted, potential tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Original Issue Discount Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond

houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public. Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

NOT Qualified Tax-Exempt Obligations

The District has NOT designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code due to the fact that the reasonably anticipated amount of tax-exempt obligations which will be issued by the District during the calendar year 2024, including the Bonds, will exceed \$10,000,000.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Pursuant to these covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its function as a repository, through its Electronic Municipal Market Access ("EMMA") system, available at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to the EMMA annually.

The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA" and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide audited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in "APPENDIX A" or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year end is currently August 31. Accordingly, it must provide updated information by February 28 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain specified 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 IRS 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 within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District within the meaning of the Rule, the sale of all or substantially all of the assets of the District within the meaning of the Rule, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with 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 Order 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, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and

interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the 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 Undertaking

Due to an administrative oversight, notices of the incurrence of financial obligation for the District's \$6,355,000 Bond Anticipation Note, Series 2020, and for the \$4,473,000 Bond Anticipation Note, Series 2021, were not filed in a timely manner. Such filings were completed with EMMA, including the notice of failure to file, on March 16, 2022. All related information and notices have been filed as of this date.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District" and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Auditor

The District's audited financial statements for the year ended August 31, 2023, were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountant, Houston, Texas, and have been included herein as "APPENDIX A." McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Official Statement.

Certification as to Official Statement

The District, acting by and through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements, and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from

sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing 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.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements, and other sources that are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Williamson County Municipal Utility District No. 23 as of the date shown on the cover of this Official Statement.

/s/ Kris Ehlert
President, Board of Directors
Williamson County Municipal Utility District No. 23

ATTEST:

/s/ Todd Kolkhorst
Secretary, Board of Directors
Williamson County Municipal Utility District No. 23

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23**

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23**

WILLIAMSON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Williamson County Municipal
Utility District No. 23
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Municipal Utility District No. 23 (the "District") as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Williamson County Municipal
Utility District No. 23

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 22, 2024

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

Management's discussion and analysis of Williamson County Municipal Utility District No. 23's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2023. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the basic financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$12,174,265 as of August 31, 2023.

A portion of the District's net position reflects its net investment in capital assets (e.g. drainage facilities, roads, parks and recreational facilities, and land and land improvements, as well as the intangible rights to receive water and wastewater services, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide services to residents of the District.

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 9,245,153	\$ 3,661,455	\$ 5,583,698
Intangible Assets (Net of Accumulated Amortization)	34,103,469	29,869,867	4,233,602
Capital Assets (Net of Accumulated Depreciation)	41,093,391	37,274,470	3,818,921
Total Assets	<u>\$ 84,442,013</u>	<u>\$ 70,805,792</u>	<u>\$ 13,636,221</u>
Due to Developer	\$ 25,793,843	\$ 33,608,780	\$ 7,814,937
Long-Term Liabilities	68,404,435	44,805,187	(23,599,248)
Other Liabilities	2,418,000	1,386,949	(1,031,051)
Total Liabilities	<u>\$ 96,616,278</u>	<u>\$ 79,800,916</u>	<u>\$ (16,815,362)</u>
Net Position:			
Net Investment in Capital Assets	\$ (16,301,583)	\$ (11,300,739)	\$ (5,000,844)
Restricted for Debt Service	3,736,038	1,909,698	1,826,340
Unrestricted	391,280	395,917	(4,637)
Total Net Position	<u>\$ (12,174,265)</u>	<u>\$ (8,995,124)</u>	<u>\$ (3,179,141)</u>

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended August 31, 2023, and August 31, 2022. The District's net position decreased by \$3,179,141.

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,397,119	\$ 2,631,987	\$ 1,765,132
Other Revenues	216,194	12,829	203,365
Total Revenues	\$ 4,613,313	\$ 2,644,816	\$ 1,968,497
Expenses for Services	7,792,454	5,154,056	(2,638,398)
Change in Net Position	\$ (3,179,141)	\$ (2,509,240)	\$ (669,901)
Net Position, Beginning of Year	(8,995,124)	(6,485,884)	(2,509,240)
Net Position, End of Year	<u>\$ (12,174,265)</u>	<u>\$ (8,995,124)</u>	<u>\$ (3,179,141)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balance as of August 31, 2023, was \$9,192,179, an increase of \$5,596,017 from the prior year.

The General Fund fund balance increased by \$32,029, primarily due to tax revenues exceeding operating expenditures and capital costs.

The Debt Service Fund fund balance increased by \$2,288,044, primarily due to the structure of the District's debt service requirements as well as the issuance of the Series 2023 Unlimited Tax Bonds.

The Capital Projects Fund fund balance increased by \$3,275,944, primarily due to the issuance of the Series 2023 Unlimited Tax Bonds.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund and did not amend the budget during the current fiscal. Actual revenues were \$99,715 more than budgeted revenues due to higher property tax collections and investment earnings compared to budget. Actual expenditures were \$108,946 more than budgeted expenditures, primarily due to unbudgeted capital outlay costs pertaining to trail improvements and a new pond well. Overall, General Fund fund balance increased by \$32,029, which was \$9,231 less than the budgeted increase of \$41,260.

INTANGIBLE ASSETS

Intangible assets as of August 31, 2023, totaled \$34,103,469 and included the right to receive water and wastewater service from City of Georgetown (formerly Chisholm Trail Special Utility District) ("Georgetown") and the City of Liberty Hill ("Liberty Hill"), respectively, in exchange for water and wastewater facilities that have been conveyed to Georgetown and Liberty Hill. See also Note 7.

CAPITAL ASSETS

The District's capital assets as of August 31, 2023, amounted to \$41,093,391 (net of accumulated depreciation). These capital assets included land and land improvements, the drainage system, roads and park and recreational facilities. See also Note 7.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2023	2022	Change Positive (Negative)
Land and Land Improvements	\$ 3,088,925	\$ 2,650,478	\$ 438,447
Drainage System	19,790,432	19,242,520	547,912
Roads	18,013,728	15,219,990	2,793,738
Park and Recreational Facilities	200,306	161,482	38,824
Total Net Capital Assets	<u>\$ 41,093,391</u>	<u>\$ 37,274,470</u>	<u>\$ 3,818,921</u>

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of \$69,685,000. During the current fiscal year, the District issued \$25,000,000 of Unlimited Tax Bonds, Series 2023. In addition, during the year ended August 31, 2023, the District issued a \$15,591,000 Bond Anticipation Note, Series 2023, (the "BAN") and used the Series 2023 bond proceeds to pay off the BAN, including \$314,743 of interest on the BAN.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2023**

LONG-TERM DEBT ACTIVITY (Continued)

The changes in the bond debt payable during the fiscal year ended August 31, 2023, are summarized as follows:

Bond Debt Payable, September 1, 2022	\$ 45,445,000
Add: Bonds Issued	25,000,000
Less: Bond Principal Paid	<u>760,000</u>
Bond Debt Payable, August 31, 2023	<u>\$ 69,685,000</u>

The Series 2020, Series 2021, Series 2021 Road, Series 2022, Series 2022 Road and Series 2023 bonds carry an underlying rating of "Baa3". The Series 2020 and Series 2021 bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2019, Series 2021 Road, Series 2022, Series 2022 Road and Series 2023 bonds carry an insured rating of "AA" from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018 bonds are nonrated. The above ratings are as of year-end and reflect all changes during the current fiscal year.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2024 projects an increase in General Fund fund balance of \$327,865. Revenues are expected to be \$1,219,300 while expenditures are expected to be \$891,435. The fiscal year 2024 tax rate (2023 tax levy) has been established at \$0.93 on each \$100 of taxable value, of which 11% will be allocated to fund general operations and the remaining 89% will be used to fund debt service obligations.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Williamson County Municipal Utility District No. 23 c/o SK Law, LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas 77056.

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**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 62,921	\$ 55,652
Investments	365,869	2,370,894
Cash with Paying Agent		2,372,330
Receivables:		
Property Taxes	1,273	6,031
Due from Other Funds	17,243	
Intangible Assets (Net of Accumulated Amortization):		
Right to Receive Water Service		
Right to Receive Wastewater Service		
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Improvements		
Drainage System		
Roads		
Park and Recreational Facilities		
TOTAL ASSETS	<u>\$ 447,306</u>	<u>\$ 4,804,907</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 54,516	\$ 173,089	\$	\$ 173,089
3,955,667	6,692,430		6,692,430
	2,372,330		2,372,330
	7,304		7,304
	17,243	(17,243)	
		19,024,826	19,024,826
		15,078,643	15,078,643
		3,088,925	3,088,925
		19,790,432	19,790,432
		18,013,728	18,013,728
		200,306	200,306
<u>\$ 4,010,183</u>	<u>\$ 9,262,396</u>	<u>\$ 75,179,617</u>	<u>\$ 84,442,013</u>

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

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2023**

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 44,960	\$ 710
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		829
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 44,960</u>	<u>\$ 1,539</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 1,273</u>	<u>\$ 6,031</u>
FUND BALANCES		
Restricted for:		
Authorized Construction	\$	\$
Debt Service		4,797,337
Unassigned	401,073	
TOTAL FUND BALANCES	<u>\$ 401,073</u>	<u>\$ 4,797,337</u>
TOTAL LIABILITIES, DEFERRED OUTFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 447,306</u>	<u>\$ 4,804,907</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 45,670	\$	\$ 45,670
		1,067,330	1,067,330
		25,793,843	25,793,843
16,414	17,243	(17,243)	
		1,305,000	1,305,000
		68,404,435	68,404,435
<u>\$ 16,414</u>	<u>\$ 62,913</u>	<u>\$ 96,553,365</u>	<u>\$ 96,616,278</u>
<u>\$ -0-</u>	<u>\$ 7,304</u>	<u>\$ (7,304)</u>	<u>\$ -0-</u>
\$ 3,993,769	\$ 3,993,769	\$ (3,993,769)	\$
	4,797,337	(4,797,337)	
	401,073	(401,073)	
<u>\$ 3,993,769</u>	<u>\$ 9,192,179</u>	<u>\$ (9,192,179)</u>	<u>\$ - 0 -</u>
<u>\$ 4,010,183</u>	<u>\$ 9,262,396</u>		
		\$ (16,301,583)	\$ (16,301,583)
		3,736,038	3,736,038
		391,280	391,280
		<u>\$ (12,174,265)</u>	<u>\$ (12,174,265)</u>

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

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2023**

Total Fund Balances - Governmental Funds	\$ 9,192,179
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	75,196,860
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Deferred inflows of resources related to property tax revenues for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.	7,304
--	-------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developers	(25,793,843)	
Accrued Interest Payable	(1,067,330)	
Bonds Payable Within One Year	(1,305,000)	
Bonds Payable After One Year	<u>(68,404,435)</u>	<u>(96,570,608)</u>
Total Net Position - Governmental Activities		<u>\$ (12,174,265)</u>

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

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**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2023**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 732,778	\$ 3,697,252
Penalty and Interest		9,366
Investment and Other Revenues	19,437	136,391
TOTAL REVENUES	<u>\$ 752,215</u>	<u>\$ 3,843,009</u>
EXPENDITURES/EXPENSES		
Operations:		
Professional Fees	\$ 134,267	\$
Contracted Services	35,259	24,039
Repairs and Maintenance	427,119	
Developer Interest		
Other	32,411	4,860
Capital Outlay	91,130	
Depreciation		
Debt Service:		
Bond Principal		760,000
Bond Interest		1,290,554
Bond Issuance Costs		
Bond Anticipation Note Interest		
Bond Anticipation Note Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 720,186</u>	<u>\$ 2,079,453</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 32,029</u>	<u>\$ 1,763,556</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	\$ -0-	\$ 524,488
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES, NET	<u>\$ -0-</u>	<u>\$ 524,488</u>
NET CHANGE IN FUND BALANCES	\$ 32,029	\$ 2,288,044
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2022	<u>369,044</u>	<u>2,509,293</u>
FUND BALANCES/NET POSITION - AUGUST 31, 2023	<u>\$ 401,073</u>	<u>\$ 4,797,337</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,430,030	\$ (32,911)	\$ 4,397,119
	9,366		9,366
51,000	206,828		206,828
<u>\$ 51,000</u>	<u>\$ 4,646,224</u>	<u>\$ (32,911)</u>	<u>\$ 4,613,313</u>
\$	\$ 134,267	\$	\$ 134,267
	59,298		59,298
631,727	1,058,846		1,058,846
1,244,937	1,244,937		1,244,937
890	38,161		38,161
16,594,128	16,685,258	(16,685,258)	
		817,798	817,798
	760,000	(760,000)	
	1,290,554	461,740	1,752,294
2,025,902	2,025,902		2,025,902
314,743	314,743		314,743
346,208	346,208		346,208
<u>\$ 21,158,535</u>	<u>\$ 23,958,174</u>	<u>\$ (16,165,720)</u>	<u>\$ 7,792,454</u>
<u>\$ (21,107,535)</u>	<u>\$ (19,311,950)</u>	<u>\$ 16,132,809</u>	<u>\$ (3,179,141)</u>
\$ 24,475,512	\$ 25,000,000	\$ (25,000,000)	\$
(432,979)	(432,979)	432,979	
340,946	340,946	(340,946)	
<u>\$ 24,383,479</u>	<u>\$ 24,907,967</u>	<u>\$ (24,907,967)</u>	<u>\$ -0-</u>
\$ 3,275,944	\$ 5,596,017	\$ (5,596,017)	\$
		(3,179,141)	(3,179,141)
717,825	3,596,162	(12,591,286)	(8,995,124)
<u>\$ 3,993,769</u>	<u>\$ 9,192,179</u>	<u>\$ (21,366,444)</u>	<u>\$ (12,174,265)</u>

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

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023**

Net Change in Fund Balances - Governmental Funds	\$	5,596,017
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		(32,911)
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(817,798)
--	--	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases, net of disposals, and the Statement of Activities is not affected.		16,685,258
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Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		95,752
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		760,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(465,459)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		(25,000,000)
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Change in Net Position - Governmental Activities	\$	<u>(3,179,141)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 1. CREATION OF DISTRICT

Williamson County Municipal Utility District No. 23 (the “District”), was created by an Order of the Texas Commission on Environmental Quality (the “Commission”) effective January 25, 2008, in accordance with the Constitution of the State of Texas and Chapter 54 of the Texas Water Code. The District’s Board of Directors held its first meeting on November 11, 2013. The District sold its first bonds on January 23, 2018.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by a five-member elected Board of Directors. GASB has established the criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statements as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental funds financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses in the government-wide Statement of Activities.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, operating costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets, consisting of rights to receive water and wastewater service, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities conveyed to the Chisholm Trail Special Utility District (“CTSUD”) and the City of Liberty Hill, Texas (the “City”), respectively. Based on the term of the applicable contracts, neither are amortized as of August 31, 2023.

Capital Assets

Capital assets, which include land and land improvements, the drainage system, roads and parks and recreational facilities, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Interest costs incurred during construction are not capitalized.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Drainage System	10-45
Roads	45
Parks and Recreational Facilities	10-45

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District had no such amounts.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District had no such amounts.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District had no such amounts.

Unassigned: all other spendable amounts in the General Fund.

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

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

The District has no employees. The Internal Revenue Service has determined that the District's directors are considered to be "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors.

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended August 31, 2023:

	September 1, 2022	Additions	Retirements	August 31, 2023
Bonds Payable	\$ 45,445,000	\$ 25,000,000	\$ 760,000	\$ 69,685,000
Unamortized Discounts	(703,044)	(432,979)	(35,695)	(1,100,328)
Unamortized Premiums	823,231	340,946	39,414	1,124,763
Bonds Payable, Net	<u>\$ 45,565,187</u>	<u>\$ 24,907,967</u>	<u>\$ 763,719</u>	<u>\$ 69,709,435</u>
			Amount Due Within One Year	\$ 1,305,000
			Amount Due After One Year	<u>68,404,435</u>
			Bonds Payable, Net	<u>\$ 69,709,435</u>

On April 21, 2023, the District issued \$25,000,000 of Unlimited Tax Bonds, Series 2023, with interest rates ranging from 4.00% to 5.00%. The net proceeds of \$23,003,545 (after payment of the original issue discount, underwriter fees and other bond related costs) were deposited with the District's investment accounts to: a) repay principal of \$15,591,000,000 and interest of \$314,743 on the District's previously issued Series 2022 Bond Anticipation Note, b) reimburse the developers for construction costs and operating advances, and c) pay for subsequent bond interest and bond issuance costs.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2018	Series 2019	Series 2020
Amount Outstanding – August 31, 2023	\$ 3,535,000	\$ 4,770,000	\$ 7,900,000
Interest Rates	2.60% - 3.80%	3.00% - 5.00%	2.25% - 4.75%
Maturity Date	September 1, 2023/2042	September 1, 2023/2044	September 1, 2023/2045
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023*	September 1, 2024*	September 1, 2025*
	Series 2021	Series 2021 Road	Series 2022
Amount Outstanding – August 31, 2023	\$ 11,035,000	\$ 3,800,000	\$ 7,745,000
Interest Rates	2.00%	2.00% - 3.00%	3.00% - 5.50%
Maturity Date	September 1, 2023/2046	September 1, 2023/2046	September 1, 2023/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2026*	September 1, 2027*	April 1, 2027*

* Or on any date thereafter, at a price of par plus accrued interest to the date of redemption. The Series 2018 term bonds maturing on September 1, 2042, are subject to mandatory redemption beginning September 1, 2039. The Series 2019 term bonds maturing on September 1, 2031, are subject to mandatory redemption beginning September 1, 2030. The Series 2020 term bonds maturing on September 1, 2035, 2037, 2039, 2042 and 2045 are subject to mandatory redemption beginning September 1, 2034, 2036, 2038, 2040 and 2043, respectively. The Series 2021 term bonds maturing on September 1, 2038, 2041 and 2046 are subject to mandatory redemption beginning September 1, 2037, 2039 and 2042, respectively. The Series 2021 Road term bonds maturing on September 1, 2031, 2033, 2035, 2037, 2039, 2041 and 2046 are subject to mandatory redemption beginning September 1, 2030, 2032, 2034, 2036, 2038, 2040 and 2042, respectively. The Series 2022 term bonds maturing on September 1, 2036, 2038, 2040 and 2047 are subject to mandatory redemption beginning September 1, 2035, 2037, 2039 and 2041, respectively.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2022 Road</u>	<u>Series 2023</u>
Amount Outstanding – August 31, 2023	\$ 5,900,000	\$ 25,000,000
Interest Rates	3.00% - 5.50%	4.00% - 5.00%
Maturity Date	September 1, 2023/2047	September 1, 2024/2048
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	June 1, 2027**	April 1, 2030**

** Or on any date thereafter, at a price of par plus accrued interest to the date of redemption. The Series 2022 Road term bonds maturing on September 1, 2032, 2034, 2037, 2040, 2043 and 2047 are subject to mandatory redemption beginning September 1, 2031, 2033, 2036, 2038, 2041 and 2044, respectively. The Series 2023 term bonds maturing on September 1, 2036, 2038, 2040, 2043 and 2045 are subject to mandatory redemption beginning September 1, 2035, 2037, 2039, 2041 and 2044, respectively.

As of August 31, 2023, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,305,000	\$ 2,253,882	\$ 3,558,882
2025	1,760,000	2,336,716	4,096,716
2026	1,825,000	2,262,951	4,087,951
2027	1,895,000	2,186,945	4,081,945
2028	1,970,000	2,110,422	4,080,422
2029-2033	10,950,000	9,447,650	20,397,650
2034-2038	12,955,000	7,524,506	20,479,506
2039-2043	15,420,000	5,170,023	20,590,023
2044-2048	18,125,000	2,387,340	20,512,340
2049	3,480,000	73,950	3,553,950
	<u>\$ 69,685,000</u>	<u>\$ 35,754,385</u>	<u>\$ 105,439,385</u>

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.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2023, the District had \$31,470,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sewer and drainage system within the District. The District also had \$6,950,000 of bonds authorized for the acquisition and construction of park and recreational facilities and \$70,300,000 for the construction of roads.

During the year ended August 31, 2023, the District levied an ad valorem debt service tax rate of \$0.80 per \$100 of assessed valuation, which resulted in a tax levy of \$3,690,852 on the adjusted taxable valuation of \$459,896,864 for the 2022 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 8 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of annual financial information and operating data to certain information repositories. This information is of the general type included in the annual audit report. It is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The Series 2021 Road, Series 2022 Road and Series 2023 bond orders required bond proceeds of \$130,169, \$117,931 and \$524,488, respectively, to be deposited into the Debt Service Fund and restricted for the payment of bond interest. As of August 31, 2023, \$524,488 remains restricted for the payment of bond interest.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(F) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of each bond.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$173,089 and the bank balance was \$4,182,193. Of the bank balance, \$305,652 was covered by federal depository insurance and the remaining balance was covered by securities held in safekeeping by a third-party institution in the District's name.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2023, as listed below:

	Cash
GENERAL FUND	\$ 62,921
DEBT SERVICE FUND	55,652
CAPITAL PROJECTS FUND	<u>54,516</u>
TOTAL DEPOSITS	<u>\$ 173,089</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

As of August 31, 2023, the District had the following investments:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 365,869	\$ 365,869	\$	\$	\$
<u>DEBT SERVICE FUND</u>					
TexPool	2,370,894	2,370,894			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	<u>3,955,667</u>	<u>3,955,667</u>			
TOTAL INVESTMENTS	<u>\$6,692,430</u>	<u>\$6,692,430</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

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

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2023, the District's investments in TexPool were rated AAAM by Standard & Poor's Rating Agency.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. INTERFUND BALANCES

At August 31, 2023, the Debt Service Fund (tax fund) owed the General Fund \$829 for property taxes collected and due to the General Fund, and the Capital Projects Fund owed the General Fund \$16,414 for bond issuance costs funded by and due back to the General Fund.

NOTE 7. INTANGIBLE ASSETS AND CAPITAL ASSETS

In accordance with the Water Agreement with CTSUD (see Note 11) and the Development Agreement with the City (see Note 12), and upon completion of construction, certain water and wastewater facilities have been conveyed to CTSUD and the City for operations and maintenance. In exchange for the conveyance of these assets, CTSUD and the City agree to provide water and wastewater services, respectively, to the District, which results in an intangible asset of the District.

As of August 31, 2023, the District had the following intangible assets:

	September 1, 2022	Increases	Decreases	August 31, 2023
Right to Receive Water Service	\$ 15,653,696	\$ 3,371,130	\$ - 0 -	\$ 19,024,826
Right to Receive Wastewater Service	14,216,171	862,472		15,078,643
Total Intangible Assets	<u>\$ 29,869,867</u>	<u>\$ 4,233,602</u>	<u>\$ - 0 -</u>	<u>\$ 34,103,469</u>

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 7. INTANGIBLE ASSETS AND CAPITAL ASSETS (Continued)

Capital asset activity for the year ended August 31, 2023:

	September 1, 2022	Increases	Decreases	August 31, 2023
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 2,650,478	\$ 438,447	\$ - 0 -	\$ 3,088,925
Capital Assets Subject to Depreciation				
Drainage System	\$ 20,499,439	\$ 977,445	\$ - 0 -	\$ 21,476,884
Roads	16,322,062	3,175,022		19,497,084
Park and Recreational Facilities	199,102	45,805		244,907
Total Capital Assets Subject to Depreciation	<u>\$ 37,020,603</u>	<u>\$ 4,198,272</u>	<u>\$ - 0 -</u>	<u>\$ 41,218,875</u>
Accumulated Depreciation				
Drainage System	\$ 1,256,919	\$ 429,533	\$ - 0 -	\$ 1,686,452
Roads	1,102,072	381,284		1,483,356
Park and Recreational Facilities	37,620	6,981		44,601
Total Accumulated Depreciation	<u>\$ 2,396,611</u>	<u>\$ 817,798</u>	<u>\$ - 0 -</u>	<u>\$ 3,214,409</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,623,992</u>	<u>\$ 3,380,474</u>	<u>\$ - 0 -</u>	<u>\$ 38,004,466</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 37,274,470</u>	<u>\$ 3,818,921</u>	<u>\$ - 0 -</u>	<u>\$ 41,093,391</u>

NOTE 8. MAINTENANCE TAX

On November 4, 2014, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the year ended August 31, 2023, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$692,035 on the adjusted taxable valuation of \$459,896,864 for the 2022 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water, sewer and drainage system. A park maintenance tax rate of \$0.10 per \$100 of assessed valuation was approved by voters of the District on November 4, 2014. To date, a park maintenance tax has not been levied.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 10. UNREIMBURSED COSTS

The District has executed facilities and operating costs reimbursement agreements with Developers. The agreements call for the Developers to fund costs associated with the construction of water, sewer and drainage facilities, as well as impact fees and operating advances. Future reimbursements will come from proceeds of future bond issues to the extent approved by the Commission. As of August 31, 2023, the District owes the Developers \$25,793,843 of which \$11,066 consists of operating advances to the District. The following is a summary of the due to developer transactions for the fiscal year ending August 31, 2023:

Due to Developer, September 1, 2022	\$ 33,608,780
Add: Current Year Additions	8,779,191
Less: Current Year Payments	<u>(16,594,128)</u>
Due to Developer, August 31, 2023	<u><u>\$ 25,793,843</u></u>

NOTE 11. CHISHOLM TRAIL SPECIAL UTILITY DISTRICT

On May 15, 2014, the District entered a Water Service Agreement (the “Water Agreement”) with Chisholm Trail Special Utility District (“CTSUD”). Under the Water Agreement, CTSUD agrees to sell and deliver to the District all water that may be required by users within the District for domestic and commercial uses. The District, through the Developer, will construct and finance its water system at which time the system will be conveyed to CTSUD who will be responsible for operating and maintaining the facilities as well as meter reading and billing its customers.

The District agrees to collect and remit to CTSUD impact fees for the purchase of permanent water capacity to serve the land within the District. Upon payment, the District will have a permanent guaranteed reservation and commitment of capacity in CTSUD’s water capacity for the living unit equivalents for which these fees have been paid.

Subsequent to the District entering into the Water Agreement with CTSUD, water services were transferred from CTSUD to the City of Georgetown. Upon transfer of services from CTSUD to the City of Georgetown, the Water Agreement, and all terms and conditions within the agreement, was assigned to the City of Georgetown. The Water Agreement has no specified end date or term limits and thus will continue in perpetuity.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 12. CITY OF LIBERTY HILL

On April 25, 2016, the District entered a Development Agreement (the “Development Agreement”) with the City of Liberty Hill, Texas (the “City”). The Development Agreement provides that the District acquire for the benefit of and conveyance to the City the wastewater facilities needed to serve lands being developed within the boundaries of the District and in order to enhance the economic feasibility of the District. In addition, the Developer has proposed to construct a retail, office and/or commercial facility within the boundaries. In consideration of the development of the land within the District, the City agrees to make quarterly sales tax payments to the District at such time sales taxes are available for collection from the retail, office and/or commercial space within the District.

In addition, the Development Agreement contemplates that the District will issue bonds from time to time, when economically feasible and allowed by law and applicable regulations, to finance the construction of wastewater facilities. Upon completion of construction, the wastewater facilities will be conveyed to the City and a security interest will be reserved by the District for the purpose of securing the performance of the City under the Agreement. Upon conveyance of the wastewater facilities to the City, the City will assume responsibility for the operation and maintenance of the wastewater facilities.

The District agrees to collect and remit to the City impact fees for the purchase of permanent wastewater capacity to serve the land within the District. Upon payment, the District will have a permanent guaranteed reservation and commitment of capacity in the City’s wastewater capacity for the living unit equivalents for which these fees have been paid.

The term of the Development Agreement is limited to 20 years from the date of the first sales tax payment made from the City to the District. As of August 31, 2023, there have been no sales taxes collected by the City and remitted to the District.

NOTE 13. BOND ANTICIPATION NOTE

On September 8, 2022, the District sold its Series 2022 Bond Anticipation Note ("2022 BAN") in the principal amount of \$15,591,000 at an interest rate of 3.23% to mature within one year. Proceeds of the 2022 BAN were used by the District to reimburse the developers for construction and engineering costs related to District water, wastewater and drainage facilities and to pay BAN issuance costs totaling \$346,208. The 2022 BAN was retired on April 21, 2023 by use of Series 2023 bond proceeds.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2023**

NOTE 14. USE OF SURPLUS FUNDS

On March 20, 2023, the Board approved the use of \$631,727 in surplus Capital Projects Fund monies from the previously issued Series 2021 Road and Series 2022 Road bond sales to make necessary repairs to roads serving the District.

NOTE 15. SUBSEQUENT EVENT - USE OF SURPLUS FUNDS

On August 23, 2023, the Commission approved the use of \$3,973,976 in surplus Capital Projects Fund monies from the previously issued Series 2022 and Series 2023 bond sales to reimburse the developers for construction and engineering costs related to certain water, sewer and drainage facilities serving Morningstar Phase 3, Section 4, Morningstar Phase 4 Sections 1 and 2, and Morningstar Phase 4, Section 3. On September 11, 2023, the District approved the reimbursement of surplus funds totaling \$3,733,621 to the developers.

NOTE 16. SUBSEQUENT EVENT - BOND ANTICIPATION NOTE

On November 28, 2023, the District sold its Series 2023 Bond Anticipation Note ("2023 BAN") in the principal amount of \$7,254,000 at an interest rate of 5.80% to mature within one year. Proceeds of the 2023 BAN were used by the District to reimburse the developers for construction and engineering costs related to District water, wastewater and drainage facilities and to pay BAN issuance costs totaling \$176,964. The 2023 BAN will be retired with future bond proceeds.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23**

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2023

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 651,500	\$ 732,778	\$ 81,278
Investment Revenues	<u>1,000</u>	<u>19,437</u>	<u>18,437</u>
TOTAL REVENUES	<u>\$ 652,500</u>	<u>\$ 752,215</u>	<u>\$ 99,715</u>
EXPENDITURES			
Operations:			
Professional Fees	\$ 129,500	\$ 134,267	\$ (4,767)
Contracted Services	31,400	35,259	(3,859)
Repairs and Maintenance	429,520	427,119	2,401
Other	20,820	32,411	(11,591)
Capital Outlay	<u> </u>	<u>91,130</u>	<u>(91,130)</u>
TOTAL EXPENDITURES	<u>\$ 611,240</u>	<u>\$ 720,186</u>	<u>\$ (108,946)</u>
NET CHANGE IN FUND BALANCE	\$ 41,260	\$ 32,029	\$ (9,231)
FUND BALANCE - SEPTEMBER 1, 2022	<u>369,044</u>	<u>369,044</u>	<u> </u>
FUND BALANCE - AUGUST 31, 2023	<u>\$ 410,304</u>	<u>\$ 401,073</u>	<u>\$ (9,231)</u>

See accompanying independent auditor's report.

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**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23**

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

AUGUST 31, 2023

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order dated: *

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	N/A				
WASTEWATER:	N/A				

* The District does not provide water and sewer services. Retail water service is provided by the City of Georgetown (as assigned by Chisholm Trail Special Utility District) and wastewater service is provided by the City of Liberty Hill.

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: N/A

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
5/8"	_____	_____	x 1.0	_____
≤3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1½"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water Connections	<u>N/A</u>	<u>N/A</u>		<u>N/A</u>
Total Wastewater Connections	<u>N/A</u>	<u>N/A</u>	x 1.0	<u>N/A</u>

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: N/A

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2023**

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties in which District is located:

Williamson County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

City in which District is located:

N/A

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located:

City of Liberty Hill, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2023**

PROFESSIONAL FEES:	
Auditing	\$ 14,000
Engineering	33,402
Legal	<u>86,865</u>
TOTAL PROFESSIONAL FEES	<u>\$ 134,267</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 7,260
District Operations	<u>27,999</u>
TOTAL CONTRACTED SERVICES	<u>\$ 35,259</u>
REPAIRS AND MAINTENANCE	<u>\$ 427,119</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 8,036
Insurance	7,115
Payroll Taxes	615
Travel and Meetings	504
Other	<u>8,458</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 24,728</u>
CAPITAL OUTLAY:	
Capitalized Assets	<u>\$ 91,130</u>
OTHER EXPENDITURES -	
Inspection Fees	<u>\$ 7,683</u>
TOTAL EXPENDITURES	<u><u>\$ 720,186</u></u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
INVESTMENTS
AUGUST 31, 2023**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 365,869	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 2,024,739	\$
TexPool	XXXX0003	Varies	Daily	346,155	
TOTAL DEBT SERVICE FUND				\$ 2,370,894	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0004	Varies	Daily	\$ 5,667	\$
TexPool	XXXX0005	Varies	Daily	3,950,000	
TOTAL CAPITAL PROJECTS FUND				\$ 3,955,667	\$ - 0 -
TOTAL - ALL FUNDS				\$ 6,692,430	\$ - 0 -

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2022	\$	37,939	\$	2,276
Adjustments to Beginning				
Balance		(310)		(2,357)
Rollbacks		<u>4,387</u>		<u>12,512</u>
	\$	42,016	\$	12,431
Original 2022 Tax Levy	\$	665,421	\$	3,548,910
Adjustment to 2022 Tax Levy		<u>26,614</u>		<u>141,942</u>
		<u>692,035</u>		<u>3,690,852</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 734,051		\$ 3,703,283
TAX COLLECTIONS:				
Prior Years	\$	41,448	\$	10,159
Current Year		<u>691,330</u>		<u>3,687,093</u>
		<u>732,778</u>		<u>3,697,252</u>
TAXES RECEIVABLE -				
AUGUST 31, 2023		<u>\$ 1,273</u>		<u>\$ 6,031</u>
.				
TAXES RECEIVABLE BY				
YEAR:				
2022	\$	705	\$	3,759
2021		567		2,268
2020		<u>1</u>		<u>4</u>
TOTAL		<u>\$ 1,273</u>		<u>\$ 6,031</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
PROPERTY VALUATIONS:				
Land & Improvements	\$ 145,231,645	\$ 88,961,331	\$ 79,988,315	\$ 49,090,849
Improvements	441,243,084	216,338,141	105,385,648	53,628,098
Personal Property	2,840,261	2,206,907	1,205,422	484,574
Exemptions	<u>(129,418,126)</u>	<u>(34,271,015)</u>	<u>(22,674,377)</u>	<u>(14,147,942)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 459,896,864</u>	<u>\$ 273,235,364</u>	<u>\$ 163,905,008</u>	<u>\$ 89,055,579</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.80	\$ 0.76	\$ 0.75	\$ 0.63
Maintenance	<u>0.15</u>	<u>0.19</u>	<u>0.20</u>	<u>0.32</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.95</u>	<u>\$ 0.95</u>	<u>\$ 0.95</u>	<u>\$ 0.95</u>
ADJUSTED TAX LEVY*	<u>\$ 4,382,887</u>	<u>\$ 2,595,132</u>	<u>\$ 1,557,099</u>	<u>\$ 846,027</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.90 %</u>	<u>99.89 %</u>	<u>99.99 %</u>	<u>100.00 %</u>

* Based upon adjusted tax at time of audit for the period in which the tax was levied.

Maintenance Tax – Maximum operations and maintenance tax rate of \$1.20 per \$100 of assessed valuation approved by voters on November 4, 2014.

Park Maintenance Tax – Maximum park maintenance tax rate of \$0.10 per \$100 of assessed valuation approved by voters on November 4, 2014.

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 105,000	\$ 121,585	\$ 226,585
2025	110,000	118,580	228,580
2026	120,000	115,470	235,470
2027	125,000	111,915	236,915
2028	130,000	108,090	238,090
2029	135,000	104,047	239,047
2030	145,000	99,635	244,635
2031	150,000	94,840	244,840
2032	160,000	89,645	249,645
2033	165,000	84,079	249,079
2034	175,000	78,170	253,170
2035	185,000	71,824	256,824
2036	190,000	65,120	255,120
2037	200,000	58,050	258,050
2038	210,000	50,515	260,515
2039	220,000	42,505	262,505
2040	235,000	33,915	268,915
2041	245,000	24,795	269,795
2042	260,000	15,200	275,200
2043	270,000	5,130	275,130
2044			
2045			
2046			
2047			
2048			
2049			
	<u>\$ 3,535,000</u>	<u>\$ 1,493,110</u>	<u>\$ 5,028,110</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 135,000	\$ 155,950	\$ 290,950
2025	145,000	150,037	295,037
2026	150,000	145,250	295,250
2027	155,000	140,675	295,675
2028	160,000	135,950	295,950
2029	170,000	131,000	301,000
2030	175,000	125,825	300,825
2031	180,000	120,500	300,500
2032	190,000	114,950	304,950
2033	200,000	109,100	309,100
2034	205,000	103,025	308,025
2035	215,000	96,590	311,590
2036	225,000	89,575	314,575
2037	230,000	82,181	312,181
2038	240,000	74,394	314,394
2039	250,000	66,125	316,125
2040	260,000	57,519	317,519
2041	275,000	48,319	323,319
2042	285,000	38,519	323,519
2043	295,000	28,185	323,185
2044	310,000	17,219	327,219
2045	320,000	5,800	325,800
2046			
2047			
2048			
2049			
	<u>\$ 4,770,000</u>	<u>\$ 2,036,688</u>	<u>\$ 6,806,688</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 235,000	\$ 245,044	\$ 480,044
2025	245,000	233,644	478,644
2026	250,000	221,887	471,887
2027	260,000	210,100	470,100
2028	270,000	198,175	468,175
2029	275,000	185,913	460,913
2030	285,000	175,450	460,450
2031	295,000	167,856	462,856
2032	305,000	161,106	466,106
2033	315,000	153,737	468,737
2034	325,000	145,738	470,738
2035	335,000	137,069	472,069
2036	345,000	127,719	472,719
2037	360,000	118,025	478,025
2038	370,000	107,987	477,987
2039	380,000	97,200	477,200
2040	395,000	85,575	480,575
2041	405,000	73,575	478,575
2042	420,000	61,200	481,200
2043	435,000	48,375	483,375
2044	450,000	35,100	485,100
2045	465,000	21,375	486,375
2046	480,000	7,200	487,200
2047			
2048			
2049			
	<u>\$ 7,900,000</u>	<u>\$ 3,019,050</u>	<u>\$ 10,919,050</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 315,000	\$ 217,550	\$ 532,550
2025	320,000	211,200	531,200
2026	335,000	204,650	539,650
2027	345,000	197,850	542,850
2028	355,000	190,850	545,850
2029	370,000	183,600	553,600
2030	380,000	176,100	556,100
2031	390,000	168,400	558,400
2032	390,000	160,600	550,600
2033	400,000	152,700	552,700
2034	405,000	144,650	549,650
2035	410,000	136,500	546,500
2036	425,000	128,150	553,150
2037	430,000	119,600	549,600
2038	440,000	110,900	550,900
2039	455,000	101,950	556,950
2040	455,000	92,850	547,850
2041	465,000	83,650	548,650
2042	475,000	74,250	549,250
2043	490,000	64,600	554,600
2044	780,000	51,900	831,900
2045	805,000	36,050	841,050
2046	685,000	21,150	706,150
2047	715,000	7,150	722,150
2048			
2049			
	<u>\$ 11,035,000</u>	<u>\$ 3,036,850</u>	<u>\$ 14,071,850</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 1 R O A D			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 110,000	\$ 84,969	\$ 194,969
2025	115,000	81,593	196,593
2026	115,000	78,144	193,144
2027	120,000	74,618	194,618
2028	125,000	70,944	195,944
2029	130,000	67,118	197,118
2030	130,000	63,869	193,869
2031	135,000	61,218	196,218
2032	140,000	58,469	198,469
2033	145,000	55,618	200,618
2034	150,000	52,669	202,669
2035	155,000	49,618	204,618
2036	160,000	46,469	206,469
2037	160,000	43,268	203,268
2038	165,000	40,019	205,019
2039	170,000	36,563	206,563
2040	175,000	32,897	207,897
2041	180,000	29,125	209,125
2042	190,000	25,194	215,194
2043	195,000	20,982	215,982
2044	200,000	16,538	216,538
2045	205,000	11,982	216,982
2046	210,000	7,313	217,313
2047	220,000	2,475	222,475
2048			
2049			
	<u>\$ 3,800,000</u>	<u>\$ 1,111,672</u>	<u>\$ 4,911,672</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 2				
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total	
2024	\$ 270,000	\$ 293,350	\$	563,350
2025	275,000	278,362		553,362
2026	275,000	263,238		538,238
2027	275,000	248,112		523,112
2028	280,000	234,950		514,950
2029	280,000	223,750		503,750
2030	285,000	212,450		497,450
2031	285,000	201,050		486,050
2032	290,000	189,550		479,550
2033	290,000	177,950		467,950
2034	295,000	166,250		461,250
2035	295,000	154,450		449,450
2036	295,000	142,650		437,650
2037	300,000	130,750		430,750
2038	300,000	118,750		418,750
2039	300,000	106,750		406,750
2040	305,000	94,650		399,650
2041	305,000	82,450		387,450
2042	305,000	71,775		376,775
2043	305,000	62,625		367,625
2044	310,000	53,400		363,400
2045	305,000	44,175		349,175
2046	425,000	33,225		458,225
2047	440,000	20,250		460,250
2048	455,000	6,825		461,825
2049				
	<u>\$ 7,745,000</u>	<u>\$ 3,611,737</u>	<u>\$</u>	<u>11,356,737</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 2 R O A D

Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024	\$ 135,000	\$ 232,150	\$ 367,150
2025	145,000	224,450	369,450
2026	150,000	216,337	366,337
2027	155,000	207,950	362,950
2028	160,000	199,488	359,488
2029	170,000	192,737	362,737
2030	175,000	187,563	362,563
2031	185,000	182,162	367,162
2032	190,000	176,300	366,300
2033	200,000	169,963	369,963
2034	210,000	163,037	373,037
2035	215,000	155,600	370,600
2036	225,000	147,619	372,619
2037	235,000	138,700	373,700
2038	245,000	129,100	374,100
2039	255,000	119,100	374,100
2040	265,000	108,700	373,700
2041	280,000	97,800	377,800
2042	290,000	86,400	376,400
2043	300,000	74,600	374,600
2044	315,000	62,300	377,300
2045	330,000	49,400	379,400
2046	345,000	35,900	380,900
2047	355,000	21,900	376,900
2048	370,000	7,400	377,400
2049			
	<u>\$ 5,900,000</u>	<u>\$ 3,386,656</u>	<u>\$ 9,286,656</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

S E R I E S - 2 0 2 3			
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2024		\$ 903,284	\$ 903,284
2025	405,000	1,038,850	1,443,850
2026	430,000	1,017,975	1,447,975
2027	460,000	995,725	1,455,725
2028	490,000	971,975	1,461,975
2029	515,000	946,850	1,461,850
2030	540,000	920,475	1,460,475
2031	570,000	892,725	1,462,725
2032	595,000	866,575	1,461,575
2033	625,000	842,175	1,467,175
2034	655,000	816,575	1,471,575
2035	690,000	789,675	1,479,675
2036	725,000	761,375	1,486,375
2037	760,000	731,675	1,491,675
2038	800,000	700,475	1,500,475
2039	840,000	667,675	1,507,675
2040	880,000	633,275	1,513,275
2041	925,000	597,175	1,522,175
2042	970,000	559,275	1,529,275
2043	1,015,000	519,575	1,534,575
2044	1,060,000	478,075	1,538,075
2045	1,110,000	434,675	1,544,675
2046	1,520,000	382,075	1,902,075
2047	2,060,000	309,188	2,369,188
2048	2,880,000	207,300	3,087,300
2049	3,480,000	73,950	3,553,950
	<u>\$ 25,000,000</u>	<u>\$ 18,058,622</u>	<u>\$ 43,058,622</u>

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2023**

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	\$ 1,305,000	\$ 2,253,882	\$ 3,558,882
2025	1,760,000	2,336,716	4,096,716
2026	1,825,000	2,262,951	4,087,951
2027	1,895,000	2,186,945	4,081,945
2028	1,970,000	2,110,422	4,080,422
2029	2,045,000	2,035,015	4,080,015
2030	2,115,000	1,961,367	4,076,367
2031	2,190,000	1,888,751	4,078,751
2032	2,260,000	1,817,195	4,077,195
2033	2,340,000	1,745,322	4,085,322
2034	2,420,000	1,670,114	4,090,114
2035	2,500,000	1,591,326	4,091,326
2036	2,590,000	1,508,677	4,098,677
2037	2,675,000	1,422,249	4,097,249
2038	2,770,000	1,332,140	4,102,140
2039	2,870,000	1,237,868	4,107,868
2040	2,970,000	1,139,381	4,109,381
2041	3,080,000	1,036,889	4,116,889
2042	3,195,000	931,813	4,126,813
2043	3,305,000	824,072	4,129,072
2044	3,425,000	714,532	4,139,532
2045	3,540,000	603,457	4,143,457
2046	3,665,000	486,863	4,151,863
2047	3,790,000	360,963	4,150,963
2048	3,705,000	221,525	3,926,525
2049	3,480,000	73,950	3,553,950
	<u>\$ 69,685,000</u>	<u>\$ 35,754,385</u>	<u>\$ 105,439,385</u>

See accompanying independent auditor's report.

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**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2023**

Description	Original Bonds Issued	Bonds Outstanding September 1, 2022
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2018	\$ 3,915,000	\$ 3,635,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2019	5,145,000	4,900,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2020	8,350,000	8,130,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2021	11,335,000	11,335,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Road Bonds - Series 2021	3,800,000	3,800,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2022	7,745,000	7,745,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Road Bonds - Series 2022	5,900,000	5,900,000
Williamson County Municipal Utility District No. 23 Unlimited Tax Bonds - Series 2023	<u>25,000,000</u>	<u> </u>
TOTAL	<u>\$ 71,190,000</u>	<u>\$ 45,445,000</u>

See accompanying independent auditor's report.

Current Year Transactions					
Bonds Sold	Retirements		Bonds Outstanding August 31, 2023	Paying Agent	
	Principal	Interest			
\$ - 0 -	\$ 100,000	\$ 124,660	\$ 3,535,000	Amegy Bank Houston, TX	
	130,000	162,575	4,770,000	Zions Bancorporation Houston, TX	
	230,000	256,087	7,900,000	Zions Bancorporation Houston, TX	
	300,000	223,700	11,035,000	Zions Bancorporation Houston, TX	
		86,618	3,800,000	Zions Bancorporation Houston, TX	
		260,672	7,745,000	Zions Bancorporation Houston, TX	
		176,242	5,900,000	Zions Bancorporation Houston, TX	
<u>25,000,000</u>			<u>25,000,000</u>	Zions Bancorporation Houston, TX	
<u>\$ 25,000,000</u>	<u>\$ 760,000</u>	<u>\$ 1,290,554</u>	<u>\$ 69,685,000</u>		

See accompanying independent auditor's report.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 23
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2023**

Bond Authority:	<u>Tax Bonds*</u>	<u>Park Bonds*</u>	<u>Road Bonds*</u>
Amount Authorized by Voters	\$ 92,960,000	\$ 6,950,000	\$ 80,000,000
Amount Issued	<u>61,490,000</u>	<u></u>	<u>9,700,000</u>
Remaining to be Issued	<u>\$ 31,470,000</u>	<u>\$ 6,950,000</u>	<u>\$ 70,300,000</u>

Debt Service Fund cash, investments and cash with paying agent balances as of August 31, 2023:	<u>\$ 4,798,876</u>
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Average annual debt service payment (principal and interest) for remaining term of all debt:	<u>\$ 4,055,361</u>
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See Note 3 for interest rate, interest payment dates and maturity dates.

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

See accompanying independent auditor's report.

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**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 732,778	\$ 518,627	\$ 328,200
Investment Revenues	19,437	1,467	104
TOTAL REVENUES	<u>\$ 752,215</u>	<u>\$ 520,094</u>	<u>\$ 328,304</u>
EXPENDITURES			
Professional Fees	\$ 134,267	\$ 120,989	\$ 116,001
Contracted Services	35,259	29,886	34,690
Repairs and Maintenance	427,119	336,659	299,141
Other	32,411	17,683	15,933
Capital Outlay	91,130		
TOTAL EXPENDITURES	<u>\$ 720,186</u>	<u>\$ 505,217</u>	<u>\$ 465,765</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 32,029</u>	<u>\$ 14,877</u>	<u>\$ (137,461)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ -0-</u>	<u>\$ 212,420</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	\$ 32,029	\$ 227,297	\$ (137,461)
BEGINNING FUND BALANCE	<u>369,044</u>	<u>141,747</u>	<u>279,208</u>
ENDING FUND BALANCE	<u>\$ 401,073</u>	<u>\$ 369,044</u>	<u>\$ 141,747</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2020	2019	2023	2022	2021	2020	2019
\$ 313,824	\$ 310,289	97.4 %	99.7 %	100.0 %	99.5 %	99.4 %
1,585	1,843	2.6	0.3		0.5	0.6
\$ 315,409	\$ 312,132	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 121,052	\$ 76,536	17.8 %	23.3 %	35.3 %	38.4 %	24.5 %
6,585	6,479	4.7	5.7	10.6	2.1	2.1
107,117	123,146	56.8	64.7	91.1	33.9	39.5
17,388	12,142	4.3	3.4	4.9	5.5	3.9
		12.1				
\$ 252,142	\$ 218,303	95.7 %	97.1 %	141.9 %	79.9 %	70.0 %
\$ 63,267	\$ 93,829	4.3 %	2.9 %	(41.9) %	20.1 %	30.0 %
\$ -0-	\$ (219)					
\$ 63,267	\$ 93,610					
215,941	122,331					
\$ 279,208	\$ 215,941					

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2023	2022	2021
REVENUES			
Property Taxes	\$ 3,697,252	\$ 2,073,671	\$ 1,230,311
Penalty and Interest	9,366	4,094	5,738
Investment and Miscellaneous Revenues	<u>136,391</u>	<u>6,770</u>	<u>1,940</u>
TOTAL REVENUES	<u>\$ 3,843,009</u>	<u>\$ 2,084,535</u>	<u>\$ 1,237,989</u>
EXPENDITURES			
Other	\$ 25,899	\$ 14,899	\$ 8,253
Debt Service Principal	760,000	440,000	215,000
Debt Service Interest and Fees	<u>1,293,554</u>	<u>836,504</u>	<u>513,122</u>
TOTAL EXPENDITURES	<u>\$ 2,079,453</u>	<u>\$ 1,291,403</u>	<u>\$ 736,375</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,763,556</u>	<u>\$ 793,132</u>	<u>\$ 501,614</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
Long-Term Debt Issued	<u>524,488</u>	<u>117,931</u>	<u>243,519</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 524,488</u>	<u>\$ 117,931</u>	<u>\$ 243,519</u>
NET CHANGE IN FUND BALANCE	\$ 2,288,044	\$ 911,063	\$ 745,133
BEGINNING FUND BALANCE	<u>2,509,293</u>	<u>1,598,230</u>	<u>853,097</u>
ENDING FUND BALANCE	<u>\$ 4,797,337</u>	<u>\$ 2,509,293</u>	<u>\$ 1,598,230</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2020	2019	2023	2022	2021	2020	2019
\$ 560,352	\$ 233,367	96.2 %	99.5 %	99.4 %	98.3 %	97.2 %
2,067	1,228	0.2	0.2	0.5	0.4	0.5
7,733	5,641	3.6	0.3	0.1	1.3	2.3
\$ 570,152	\$ 240,236	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
\$ 7,047	\$ 2,921	0.7 %	0.7 %	0.7 %	1.2 %	1.2 %
90,000		19.8	21.1	17.4	15.8	
291,758	149,194	33.6	40.1	41.4	51.2	62.1
\$ 388,805	\$ 152,115	54.1 %	61.9 %	59.5 %	68.2 %	63.3 %
\$ 181,347	\$ 88,121	45.9 %	38.1 %	40.5 %	31.8 %	36.7 %
\$ 136,000	\$ 177,450					
\$ 136,000	\$ 177,669					
\$ 317,347	\$ 265,790					
535,750	269,960					
\$ 853,097	\$ 535,750					

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023**

District Mailing Address - Williamson County Municipal Utility District No. 23
1980 Post Oak Blvd, Suite 1380
Houston, TX 77056-3970

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2023	Expense Reimbursements for the year ended August 31, 2023	Title
Kris Ehlert	05/22 05/26 (Elected)	\$ 1,934	\$ 142	President
Scott Davis	05/20 05/24 (Elected)	\$ 1,342	\$ -0-	Vice President
Todd Kolkhorst	05/22 05/26 (Elected)	\$ 1,784	\$ 191	Secretary
Milton Schultz III	05/22 05/26 (Elected)	\$ 1,784	\$ 103	Assistant Secretary
Anthony Jasinski	05/20 05/24 (Elected)	\$ 1,192	\$ 66	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 23, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**WILLIAMSON COUNTY MUNICIPAL
UTILITY DISTRICT NO. 23
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2023**

	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2023</u>	<u>Title</u>
Consultants:			
SK Law, LLP	11/11/13	\$ 90,365 \$ 818,691	Attorney Bond Related
McCall Gibson Swedlund Barfoot PLLC	11/11/13	\$ 14,000 \$ 26,000	Auditor Bond Related
L&S District Services LLC	11/11/13	\$ 7,260 \$ 1,200	Bookkeeper Bond Related
HR Green Development Texas, LLC	08/24/15	\$ 20,172 \$ 1,162	Engineer Bond Related
Robert W. Baird & Co.	02/20/15	\$ 659,731	Financial Advisor
Debora Loggins and Tiffany Loggins	11/11/13	\$ -0-	Investment Officers
Inframark, LLC	07/24/20	\$ 107,659	Operator
Williamson County Tax Assessor-Collector	09/18/15	\$ 1,210	Tax Assessor/ Collector

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.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100