

OFFICIAL STATEMENT DATED DECEMBER 16, 2024

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

Rating:
S&P: "AA" (Stable Outlook)/Insured
Moody's: "Baa1"/Uninsured
Insurance: BAM

NEW ISSUE – BOOK-ENTRY ONLY

**THE DISTRICT WILL NOT DESIGNATE THE BONDS AS QUALIFIED
TAX-EXEMPT OBLIGATIONS.**

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1 OF WILLIAMSON COUNTY
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)**

\$7,000,000
UNLIMITED TAX BONDS, SERIES 2025A

\$4,500,000
UNLIMITED TAX ROAD BONDS, SERIES 2025B

Dated: January 21, 2025

Due: August 15, as shown on pages 2 and 3 hereof

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

PAYMENT TERMS . . . The Leander TODD Municipal Utility District No. 1 of Williamson County (the "District") is issuing its \$7,000,000 Unlimited Tax Bonds, Series 2025A (the "Series 2025A Bonds") and \$4,500,000 Unlimited Tax Road Bonds, Series 2025B (the "Series 2025B Bonds," together with the 2025A Bonds, the "Bonds"). Interest on the Bonds will accrue from the Date of Initial Delivery (defined below), will be payable August 15, 2025 and each February 15 and August 15 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrar for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent"). The Bonds are obligations solely of Leander TODD Municipal Utility District No. 1 of Williamson County (the "District") and are not obligations of the City of Leander, Texas; Leander Independent School District; Williamson County, Texas; the State of Texas; or any entity other than the District.

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



The scheduled payment of principal of and interest on the Series 2025A and Series 2025B Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM" or the "Bond Insurer") (see "BOND INSURANCE" and "BOND INSURANCE RISKS").

CUSIP PREFIX: 521854
MATURITY SCHEDULE
See pages 2 and 3 hereof

LEGALITY . . . The Bonds are offered by the Initial Purchaser (defined herein) subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things to the approval of the Initial Bond by the Attorney General of Texas and the approval of certain legal matters by McLean & Howard, L.L.P., Austin, Texas, Bond Counsel.

DELIVERY . . . Delivery of the Bonds is expected through the facilities of DTC on January 21, 2025 (the "Date of Initial Delivery").

SERIES 2025A BONDS MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate ^(a)	Initial Yield ^(b)	CUSIP Numbers ^(c)
2027	\$ 170,000	6.500%	3.200%	521854FZ7
2028	180,000	6.500%	3.200%	521854GA1
2029	185,000	6.500%	3.250%	521854GB9
2030	195,000	6.500%	3.300%	521854GC7
2031	205,000	4.000%	3.400% ^(d)	521854GD5
2032	215,000	4.000%	3.450% ^(d)	521854GE3
2033	225,000	4.000%	3.500% ^(d)	521854GF0
2034	240,000	4.000%	3.550% ^(d)	521854GG8
2035	250,000	4.000%	3.650% ^(d)	521854GH6
2036	260,000	4.000%	3.750% ^(d)	521854GJ2
2037	275,000	4.000%	3.850% ^(d)	521854GK9
2038	290,000	4.000%	3.930% ^(d)	521854GL7
2039	305,000	4.000%	4.000%	521854GM5
2040	320,000	4.000%	4.050%	521854GN3
2041	335,000	4.000%	4.100%	521854GP8
2042	350,000	4.000%	4.150%	521854GQ6
2043	370,000	4.000%	4.190%	521854GR4
2044	385,000	4.000%	4.230%	521854GS2
2045	405,000	4.000%	4.250%	521854GT0
2046	425,000	4.000%	4.270%	521854GU7
2047	450,000	4.000%	4.290%	521854GV5
2048	470,000	4.000%	4.310%	521854GW3
2049	495,000	4.000%	4.330%	521854GX1

(Interest accrues from the Date of Initial Delivery)

- (a) After requesting competitive bids for purchase of the Series 2025A Bonds, the District has accepted the lowest bid to purchase the Series 2025A Bonds, bearing interest as shown, at a price of 97.091% of par, resulting in a net effective interest rate to the District of 4.2542638%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Series 2025A Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP date herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of The American Bankers Association. This date is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Initial Purchaser, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (d) Yield calculated based on the assumption that the 2025A Bonds denoted and sold at a premium will be redeemed on August 15, 2030, the first optional redemption date for such 2025A Bonds, at a redemption price of par, plus accrued interest to the redemption date.

REDEMPTION PROVISIONS . . . The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Series 2025A Bonds maturing on and after August 15, 2031 in whole or from time to time in part, on August 15, 2030, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.”

The 2025A Bonds and 2025B Bonds are being offered by the District concurrently under a common Official Statement. The 2025A Bonds and 2025B Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the 2025A Bonds and 2025B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

SERIES 2025B BONDS MATURITY SCHEDULE

<u>8/15 Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate^(a)</u>	<u>Initial Yield^(b)</u>	<u>CUSIP Numbers^(c)</u>
2027	\$ 110,000	5.000%	3.200%	521854GY9
2028	115,000	5.000%	3.200%	521854GZ6
2029	120,000	6.500%	3.250%	521854HA0
2030	125,000	5.000%	3.300%	521854HB8
2031	130,000	4.000%	3.400%	^(d) 521854HC6
2032	140,000	4.000%	3.450%	^(d) 521854HD4
2033	145,000	4.000%	3.550%	^(d) 521854HE2
2034	155,000	4.000%	3.650%	^(d) 521854HF9
2035	160,000	4.000%	3.750%	^(d) 521854HG7
2036	170,000	4.000%	3.850%	^(d) 521854HH5
2037	175,000	4.000%	3.950%	^(d) 521854HJ1
2038	185,000	4.000%	4.000%	521854HK8
2039	195,000	4.000%	4.050%	521854HL6
2040	205,000	4.000%	4.100%	521854HM4
2041	215,000	4.000%	4.130%	521854HN2
2042	225,000	4.000%	4.160%	521854HP7
2043	235,000	4.000%	4.190%	521854HQ5
2044	250,000	4.000%	4.220%	521854HR3
2045	260,000	4.000%	4.250%	521854HS1
2046	275,000	4.000%	4.280%	521854HT9
2047	290,000	4.125%	4.300%	521854HU6
2048	300,000	4.125%	4.310%	521854HV4
2049	320,000	4.125%	4.320%	521854HW2

(Interest accrues from the Date of Initial Delivery)

- (a) After requesting competitive bids for purchase of the Series 2025B Bonds, the District has accepted the lowest bid to purchase the Series 2025B Bonds, bearing interest as shown, at a price of 97.007% of par, resulting in a net effective interest rate to the District of 4.2682474%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Series 2025B Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP date herein is provided by CUSIP Global Services, managed by S&P Capital IQ LLC on behalf of The American Bankers Association. This date is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Initial Purchaser, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (d) Yield calculated based on the assumption that the 2025B Bonds denoted and sold at a premium will be redeemed on August 15, 2030, the first optional redemption date for such 2025B Bonds, at a redemption price of par, plus accrued interest to the redemption date.

REDEMPTION PROVISIONS . . . The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Series 2025B Bonds maturing on and after August 15, 2031 in whole or from time to time in part, on August 15, 2030, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.”

The 2025B Bonds and 2025A Bonds are being offered by the District concurrently under a common Official Statement. The 2025B Bonds and 2025A Bonds are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the 2025B Bonds and 2025A Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

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

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

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

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

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS	5	TAXING PROCEDURES	36
MUNICIPAL BOND RATING AND INSURANCE	5	LEGAL MATTERS	39
OFFICIAL STATEMENT SUMMARY	6	TAX MATTERS	40
SELECTED FINANCIAL INFORMATION	9	CONTINUING DISCLOSURE OF INFORMATION	41
INTRODUCTION	10	FINANCIAL ADVISOR	42
THE BONDS	10	OFFICIAL STATEMENT	43
BOND INSURANCE	16	APPENDICES	
BOND INSURANCE RISKS	17	LOCATION MAP	
BOOK-ENTRY-ONLY SYSTEM	18	AUDITED FINANCIAL STATEMENTS.....	A
USE AND DISTRIBUTION OF SERIES 2025A BOND PROCEEDS	20	FORM OF BOND COUNSEL AND SPECIAL TAX COUNSEL'S OPINIONS	B
USE AND DISTRIBUTION OF SERIES 2025B BOND PROCEEDS	21	SPECIMEN MUNICIPAL BOND INSURANCE POLICY	C
RISK FACTORS	22		
THE DISTRICT	27		
THE DEVELOPERS	29		
THE SYSTEM	29		
FINANCIAL STATEMENT	31		
TABLE 1 – DEBT SERVICE REQUIREMENTS.....	31		
TABLE 2 – TAXABLE ASSESSED VALUE.....	32		
TABLE 3 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED.....	32		
TAX DATA	35		
TABLE 4 – TAX RATE AND COLLECTIONS.....	35		
TABLE 5 – PRINCIPAL TAXPAYERS.....	35		

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

SALE AND DISTRIBUTION OF THE BONDS

AWARD OF THE BONDS . . . After requesting competitive bids for the Series 2025A Bonds, the District has accepted the bid of Robert W. Baird & Co., Inc. (the “Initial Purchaser”) to purchase the Series 2025A Bonds at the interest rates shown on page 2 of this Official Statement at a price of approximately 97.091% of par. No assurance can be given that any trading market will be developed for the Series 2025A Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Series 2025A Bonds are subsequently sold, and the initial yields at which the Series 2025A Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

After requesting competitive bids for the Series 2025B Bonds, the District has accepted the bid of SAMCO Capital Markets (the “Initial Purchaser”) to purchase the Series 2025B Bonds at the interest rates shown on page 3 of this Official Statement at a price of approximately 97.007% of par. No assurance can be given that any trading market will be developed for the Series 2025B Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Series 2025B Bonds are subsequently sold, and the initial yields at which the Series 2025B Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

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

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

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

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

MUNICIPAL BOND RATING AND INSURANCE

The Bonds are expected to be rated “AA”/Stable Outlook by S&P Global Ratings (“S&P”) by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “BOND INSURANCE RISKS.” The Bonds are also rated “Baa1” by Moody’s Investors Service (“Moody’s”) without regard to credit enhancement.

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OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

THE ISSUER..... Leander TODD Municipal Utility District No. 1 of Williamson County (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), and confirmed pursuant to an election held within the District on November 4, 2014. The District was created for the purposes of providing, operating, and maintaining facilities to control storm water; distributing potable water; collecting and treating wastewater; and providing roads and parks and recreational facilities and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. See “THE DISTRICT – General.”

LOCATION..... The District, which encompasses approximately 538 acres of land, is located in western Williamson County, Texas and lies in the northeastern part of the City of Leander (“Leander” or the “City”) on the eastern side of US Highway 183, adjacent to the intersection of US Highway 183 and the 183A Toll Road. The District is located wholly within the corporate limits of Leander. See “THE DISTRICT – Location.”

THE DEVELOPER The developer currently active within the District is Bryson MPC Holdings LLC, a Delaware limited liability company (“Developer”). See “THE DEVELOPERS – Description of Developer” and “THE DISTRICT – Current Status of Development.”

DEVELOPMENT WITHIN THE DISTRICT Of the 538 acres within the District, approximately 492 are developable under current land development regulations (including open space land). As of November 29, 2024, approximately 457 acres (or 93% of the developable acreage within the District) have been or are being developed with utility facilities as the single-family, multi-family residential and commercial subdivision known as Bryson. As of November 29, 2024, the development in the District consisted of 1,330 developed single-family lots which is comprised of 1,322 completed homes, 2 vacant single-family lots and 6 homes under construction. See “THE DISTRICT – Current Status of Development.”

HOMEBUILDERS..... According to the Developer, there are currently four homebuilders active within the District (Perry Homes, Chesmar Homes, Tri Pointe Homes, and Highland Home Services homes) building homes in four lot sizes (45’, 50’, 60’ and 70’). The homes range in price from \$480,000 to \$1,100,000, with square footage ranging from 1,400 to 4,200. See “THE DEVELOPERS – Homebuilders within the District.”

THE BONDS

DESCRIPTION The \$7,000,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and the \$4,500,000 Unlimited Tax Road Bonds, Series 2025B (the “Series 2025B Bonds,” together with the 2025A Bonds, the “Bonds”) will mature serially in varying amounts on August 15 of each year from 2027 through 2049 as set forth on pages 2 and 3 hereof. Interest accrues from the Date of Initial Delivery of the Bonds and is payable August 15, 2025 and each February 15 and August 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”

REDEMPTION The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2031, in whole or from time to time in part, on August 15, 2030, or on any date thereafter at a price of

par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Redemption.”

SOURCE OF PAYMENT Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” **The Bonds are obligations solely of the District and are not obligations of the City of Leander, Texas; Leander Independent School District; Williamson County, Texas; the State of Texas; or any entity other than the District.** See “THE BONDS – Source of and Security for Payment.”

PAYMENT RECORD The Series 2025A Bonds constitute the seventh installment of bonds issued by the District, and the Series 2025B Bonds constitute the eighth installment of bonds issues by the District. The Series 2025A Bonds are being issued, and all prior series of bonds by the District, have been issued, to finance water, wastewater and drainage facilities. The Series 2025B Bonds are the first installment of road bonds by the District. The District has never defaulted on payment of its debt. See “FINANCIAL STATEMENT – Outstanding Bonds.”

AUTHORITY FOR ISSUANCE The Series 2025A Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 4, 2014; the approving order of the TCEQ; and an order (the “Series 2025A Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds.

The 2025B Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held within the District on November 4, 2014, and an order (the “Series 2025B Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”

USE OF PROCEEDS The proceeds of the Series 2025A Bonds will be used to finance the Developer’s share of water, sewer and drainage facilities related to Phase 4, Section 4; Phase 2, Section 3; Phase 11, Section 1; Phases 7 and 13; Phase 5, Section 1; and Phase 6; and engineering, testing and inspection costs.

The remaining Series 2025A Bond proceeds will be used to: (i) pay developer interest; and (ii) pay other costs associated with the issuance of the Series 2025A Bonds. See “USE AND DISTRIBUTION OF 2025A BOND PROCEEDS.”

Proceeds of the Series 2025B Bonds will be used to finance a portion of the District’s share of the cost of constructing road improvements to serve the District. The remaining Series 2025B Bond proceeds will be used to: (i) pay developer interest; and (ii) pay costs associated with the issuance of the Series 2025B Bonds. See “USE AND DISTRIBUTION OF 2025B BOND PROCEEDS.”

BONDS AUTHORIZED BUT UNISSUED At an election held within the District on November 4, 2014, the voters within the District approved the issuance of \$118,575,000 in bonds for water, wastewater and drainage system facilities. After the sale of the Series 2025A Bonds, the District will have \$87,925,000 remaining in authorized but unissued utility bonds. The District also has voted authority to issue \$10,400,000 for road purposes. Following the issuance of the Series 2025B Bonds, \$5,900,000 in road bonds will remain authorized but unissued. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Issuance of Additional Debt.”

MUNICIPAL BOND RATING AND INSURANCE The Bonds are expected to be rated “AA”/Stable Outlook by S&P Global Ratings (“S&P”) by virtue of a municipal bond insurance policy to be issued by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) at the time of delivery of the Bonds. See “BOND INSURANCE” and “BOND INSURANCE RISKS.” The Bonds are also rated “Baa1” by Moody’s Investors Service (“Moody’s”) without regard to credit enhancement.

BOND COUNSEL & GENERAL COUNSEL	McLean & Howard, L.L.P., Austin, Texas
SPECIAL TAX COUNSEL	Orrick Herrington & Sutcliffe LLP, Austin, Texas
FINANCIAL ADVISOR	Specialized Public Finance Inc., Austin, Texas
ENGINEER	Jones-Heroy & Associates, Inc., Austin, Texas

RISK FACTORS

The purchase and ownership of the Bonds involve certain risk factors and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned “RISK FACTORS,” with respect to investment in the Bonds.

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SELECTED FINANCIAL INFORMATION
(Unaudited as of November 13, 2024)

2022 Certified Taxable Assessed Valuation	\$	360,801,496	(a)
2023 Certified Taxable Assessed Valuation	\$	498,636,329	(a)
2024 Certified Taxable Assessed Valuation	\$	651,705,538	(a)
Gross Debt Outstanding of the District (after issuance of the Bonds)	\$	34,095,000	(b)
Ratio of Gross Debt to 2024 Certified Taxable Assessed Valuation.....		5.23%	
2024 Tax Rate			
Debt Service.....	\$	0.3200	
Maintenance.....		<u>0.0300</u>	
Total 2024 Tax Rate.....	\$	0.3500	(c)
General Fund Balance (as of November 13, 2024).....	\$	250,131	(d)
Capital Project Fund Balance (as of November 13, 2024).....	\$	200,259	(d)
Debt Service Fund (as of November 13, 2024).....	\$	1,801,568	(d)(e)
Average Annual Debt Service Requirement of the Bonds and Outstanding Bonds (“Average Requirement”) (2025-2049)	\$	2,113,208	
Tax Rate required to pay Average Requirement based upon 2024 Certified Taxable Assessed Valuation at 95% collections	\$	0.3414/\$100 AV	
Maximum Annual Debt Service Requirement of the Bonds and Outstanding Bonds (“Maximum Requirement”) (2042)	\$	2,368,200	
Tax Rate required to pay Maximum Requirement based upon 2024 Certified Taxable Assessed Valuation at 95% collections	\$	0.3826/\$100 AV	
Number of homes and lots as of November 29, 2024:			
Total Completed Homes		1,322	
Total Occupied Homes.....		1,307	
Homes Under Construction.....		6	
Vacant Lots		2	
Estimated Population as of November 29, 2024		4,575 ^(f)	

- (a) Taxable Assessed Valuation of the District estimated by the Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.” Estimated values are not subject to annual update for purposes of SEC Rule 15c2-12.
- (b) Includes the Bonds.
- (c) The District levied a 2024 total tax rate of \$0.3500 at the District’s Board meeting in September, 2024. See “TAXING PROCEDURES.”
- (d) Unaudited as of November 13, 2024.
- (e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the District’s Debt Service Fund.
- (f) Based upon 3.5 residents per completed and occupied single family home.

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OFFICIAL STATEMENT
relating to

LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1 OF WILLIAMSON COUNTY
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)

\$7,000,000
UNLIMITED TAX BONDS, SERIES 2025A

\$4,500,000
UNLIMITED TAX ROAD BONDS, SERIES 2025B

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Leander TODD Municipal Utility District No. 1 of Williamson County (the “District”), a political subdivision of the State of Texas (the “State”), of its \$7,000,000 Unlimited Tax Bonds, Series 2025A (the “Series 2025A Bonds”) and \$4,500,000 Unlimited Tax Road Bonds, Series 2025B (the “Series 2025B Bonds,” together with the Series 2025A Bonds, the “Bonds”).

The Series 2025A Bonds are issued pursuant to an order adopted by the Board of Directors of the District on the date of the sale of the Series 2025A Bonds (the “Series 2025A Bond Order”), pursuant to Article XVI, Section 59 of the Constitution and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 4, 2014; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

The Series 2025B Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held within the District on November 4, 2014, and an order (the “Series 2025B Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds.

The Series 2025A Bond Order and the Series 2025B Bond Order are referred to collectively as the “Bond Order” throughout this Official Statement. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o McLean & Howard, L.L.P., 4301 Bull Creek Road, Suite 150, Austin, Texas 78731 or from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

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

THE BONDS

GENERAL DESCRIPTION . . . The Bonds will bear interest from the Date of Initial Delivery and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on pages 2 and 3 hereof. Interest on the Bonds will accrue from the Date of Initial Delivery, will be paid on August 15, 2025 and each February 15 and August 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

REDEMPTION . . . The Bonds maturing on and after August 15, 2031 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 15, 2030, or on any date thereafter, in integral multiples of \$5,000, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, at least 30 calendar days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

The Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District, if less than all of the Bonds of a particular maturity are to be redeemed; the Paying Agent is required to select the Bonds of such maturity to be redeemed by lot or other customary random method.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC.

In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants. Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . The District is initially utilizing the book-entry-only system of DTC (“Book-Entry-Only System”). See “BOOK-ENTRY-ONLY SYSTEM.” In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

Registration . . . If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of \$5,000 or any integral multiple thereof.

Limitation on Transfer of Bonds . . . Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the

last calendar day of the month next preceding each interest payment date (the “Record Date”) and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Replacement Bonds . . . If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner’s ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

AUTHORITY FOR ISSUANCE . . . At an election held within the District on November 4, 2014, voters within the District authorized the issuance of a total of \$118,575,000 in unlimited tax bonds for water, wastewater and drainage system facilities and \$10,400,000 for road bonds. The Series 2025A Bonds constitute the seventh installment of water, wastewater and drainage system facility bonds issued by the District. After the sale of the Series 2025A Bonds, \$87,925,000 principal amount of District bonds will remain authorized but unissued for water, wastewater and drainage system facilities. The Series 2025B Bonds constitute the first installment of road bonds issued by the District. After the sale of the Series 2025B Bonds, \$5,900,000 in road bonds will remain authorized but unissued

The Series 2025A Bonds are issued pursuant to the terms and provisions of the Series 2025A Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Series 2025A Bonds has been approved by an order of the TCEQ.

The Series 2025B Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held within the District on November 4, 2014 and the Series 2025B Bond Order.

SOURCE OF AND SECURITY FOR PAYMENT . . . The Bonds will be payable from and secured by a pledge of 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. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its “Debt Service Fund” for the Bonds.

Under Texas law, the District may be dissolved by Leander without the consent of the District or its residents. If the District is dissolved, Leander must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of taxes will terminate. The District, the City of Leander, and Developer are parties to that certain “Crescent Leander Facilities Agreement” executed by the District on November 13, 2014 (the “Facilities Agreement”) which, among other matters, addresses the issuance of bonds by the District and the dissolution of the District by the City. The Facilities Agreement provides in relevant part that the City may dissolve the District at any time after the District has issued its bonds to finance reimbursable costs of facilities funded by the Developer that are required to serve full development of the District. No representation is made concerning the likelihood of dissolution or the ability of Leander to make debt service payments on the Bonds should dissolution occur.

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

PAYMENT RECORD . . . The Bonds constitute the seventh and eighth installments of bonds issued by the District. The District has never defaulted on payment of its debt.

FLOW OF FUNDS . . . The Bond Order creates or confirms the creation by the District of a Debt Service Fund and a Capital Projects Fund. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds. Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

Debt Service Fund . . . The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued

interest, if any, and capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

Capital Projects Fund . . . The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater and drainage facilities as approved by TCEQ, then it is in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

PAYING AGENT/REGISTRAR . . . Principal of and semiannual interest on the Bonds will be paid by BOKF, NA, having an office for payment in Dallas, Texas, the Paying Agent. The Paying Agent must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

DEFEASANCE OF OUTSTANDING BONDS . . . *General* . . . The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

Retention of Rights . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Investments . . . Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

RECORD DATE . . . The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the last calendar day of the month (whether or not a business day) preceding such interest payment date.

ISSUANCE OF ADDITIONAL DEBT . . . The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ (except in the case of road improvements) and, in the case of bonds payable from taxes, the District's voters. On November 4, 2014, voters within the District authorized the issuance of unlimited tax bonds in the principal amounts of \$118,575,000 for the purpose of providing water, wastewater, and drainage system facilities to meet the needs of the residents and customers of the District. Following the issuance of the Series 2025A Bonds, \$87,925,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater and drainage system facilities. The District also has voted authority to issue \$10,400,000 for road purposes. Following the issuance of the Series 2025B Bonds, \$5,900,000 in road bonds will remain authorized but unissued. The District also has voter authority to issue \$10,010,000 for recreational purposes and \$118,575,000 for refunding purposes. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "RISK FACTORS."

According to the District's engineer, the \$87,925,000 in principal amount of bonds authorized but unissued should be sufficient to reimburse the Developers for the water, wastewater and drainage system facilities required for development within the District. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to issue refunding bonds, as well as revenue bonds and notes without voter approval. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "MUNICIPAL BOND RATING AND INSURANCE."

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

SPECIFIC TAX COVENANTS . . . In the Bond Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or noncompliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

ADDITIONAL COVENANTS . . . The District has additionally covenanted in the Bond Order that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

REMEDIES IN EVENT OF DEFAULT . . . The Bond Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

CONSOLIDATION . . . A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

ANNEXATION . . . The District lies entirely within the corporate limits of the City of Leander.

ALTERATION OF BOUNDARIES . . . In certain circumstances under Texas law, the District may alter its boundaries to: (i) upon satisfying certain conditions, annex additional territory; and (ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied, including the District's simultaneously annexing land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District will effect any change in its boundaries.

APPROVAL OF THE BONDS . . . The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

AMENDMENTS TO THE BOND ORDER . . . The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

BOND INSURANCE

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

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

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

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

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

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

CAPITALIZATION OF BAM . . . BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.6 million, \$246.3 million and \$256.3 million, respectively.

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

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

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

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

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

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

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

BOND INSURANCE RISKS

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

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

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

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

The obligations of BAM are general obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the District, the Financial Advisor or the Initial Purchaser have made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of BAM, particularly over the life of the investment.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (iii) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the

District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

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USE AND DISTRIBUTION OF SERIES 2025A BOND PROCEEDS

The proceeds of the Series 2025A Bonds will be used to finance the Developer’s share of water, sewer and drainage facilities related to Phase 4, Section 4; Phase 2, Section 3; Phase 11, Section 1; Phases 7 and 13; Phase 5, Section 1; and Phase 6; and engineering, testing and inspection costs.

The estimated use and distribution of Series 2025A Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$5,358,819 is estimated to be required for construction costs, and \$1,641,181 is estimated to be required for non-construction costs.

I. <u>CONSTRUCTION COSTS</u>	<u>District’s Share</u>
A. Developer Contribution Items	
1. Bryson Phase 4, Section 4 – Water, Wastewater & Drainage	\$ 741,920
2. Bryson Phase 2, Section 3 – Water, Wastewater & Drainage	761,419
3. Bryson Phase 11, Section 1 – Water, Wastewater & Drainage	1,548,019
4. Bryson Phases 7 and 13 – Water, Wastewater & Drainage	827,707
5. Bryson Phase 5, Section 1 and Phase 6 – Water, Wastewater & Drainage.....	976,000
6. Engineering, Testing and Inspection	<u>503,754</u>
Total Developer Contribution Costs.....	\$ 5,358,819
B. District Items – None	
Total Construction Costs (76.55% of BIR).....	\$ 5,358,819
II. <u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees.....	\$ 119,000
B. Fiscal Agent Fees.....	153,125
C. Developer Interest ^(a)	1,037,386
D. Bond Discount (2.91%).....	203,601
E. Bond Issuance Expenses	42,170
F. Bond Application Report Costs.....	55,000
G. TCEQ Fee (0.25%)	17,500
H. Attorney General Fee (0.10%)	7,000
I. Contingency	<u>6,399</u>
Total Non-Construction Costs	\$ 1,641,181
TOTAL BOND ISSUE REQUIREMENT	\$ 7,000,000

(a) The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

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USE AND DISTRIBUTION OF SERIES 2025B BOND PROCEEDS

The proceeds of the Series 2025B Bonds will be used to finance the Developer’s share of the costs of constructing road improvements Bryson Phase 1, Sections 1A, 1B, 1C, 1D, 1E; Phase 2, Section 1; Phase 3, Section 1; and Phase 4, Section 2. The remaining Bond proceeds will be used to: (i) pay developer interest; and (ii) pay costs associated with the issuance of the Bonds.

The estimated use and distribution of Series 2025B Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Series 2025B Bonds, \$3,246,328 is estimated to be required for construction costs, and \$1,253,672 is estimated to be required for non-construction costs.

I. <u>CONSTRUCTION COSTS</u>	<u>District’s Share</u>
A. Developer Contribution Items	
1. Bryson Phase 1, Section 1A	\$ 318,667
2. Bryson Phase 1, Section 1B	889,014
3. Bryson Phase 1, Section 1C	94,330
4. Bryson Phase 1, Section 1D	607,127
5. Bryson Phase 1, Section 1E & Phase 2, Section 1.....	1,141,190
6. Bryson Phase 3, Section 1 & Phase 4, Section 2	196,000
Total Developer Contribution Costs.....	<u>\$ 3,246,328</u>
B. District Items – None	
Total Construction Costs (72.14% of BIR).....	\$ 3,246,328
II. <u>NON-CONSTRUCTION COSTS</u>	
A. Legal Fees.....	\$ 89,000
B. Fiscal Agent Fees.....	78,750
C. Developer Interest ^(a)	888,696
D. Bond Discount (2.99%).....	134,673
E. Bond Issuance Expenses	39,726
F. Bond Engineering Report Costs.....	18,000
G. Attorney General Fee (0.10%)	4,500
H. Contingency	<u>327</u>
Total Non-Construction Costs	\$ 1,253,672
TOTAL BOND ISSUE REQUIREMENT	\$ 4,500,000

(a) The amount of developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

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RISK FACTORS

GENERAL . . . The Bonds, which are obligations of the District and are not obligations of the City of Leander; Leander Independent School District; Williamson County, Texas; the State of Texas; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See “THE BONDS – Source of and Security for Payment.”

The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will occur or that the development in the District will maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “RISK FACTORS – Registered Owners’ Remedies.”

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

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developers and homebuilders are able to obtain financing for development and construction costs. As a result of increasing foreclosure activity, potential adverse impact on assessed valuations and a general tightening of credit that has resulted, lenders have increased lending requirements for both single family mortgage lending and real estate development lending. Additionally, lenders have been selective in recent years in making real estate development loans in the Austin area because of the negative impact to their real estate portfolios. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

National Economy: Nationally, there have been periods of significant volatility in new housing construction due to the lack of liquidity and other factors, which have resulted in a decline in housing market values from time to time. The ability of individuals to qualify for a mortgage as well as the general reduction in mortgage availability has also led to periods of decreased housing sales. The District cannot predict what impact, if any, another downturn in the national housing and financial markets may have on the Central Texas market and the District.

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

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

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

Developers under No Obligation to the District: There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon Developers and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See "THE DEVELOPERS" and "SELECTED FINANCIAL INFORMATION – Principal Taxpayers."

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2024 Certified Taxable Assessed Valuation is \$651,705,538. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$2,368,200 (2042) and the Average Annual Debt Service Requirement will be \$2,113,208 (2025-2049, inclusive). Based upon the 2024 Certified Taxable Assessed Valuation of \$651,705,538, a tax rate of \$0.3826/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Maximum Annual Debt Service Requirement, and a tax rate of \$0.3414/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA – Tax Adequacy for Debt Service."

HOUSING MARKET – VOLATILITY AND RECENT FORECLOSURES . . . Historically, volatile economic conditions and disruptions in the housing market have led to a significant number of foreclosures on single family homes and has added to the fluctuation and volatility to which the homebuilding industry has historically been subject. In the District, there have been no foreclosures posted by the Williamson County Clerk's Office on single family homes to date during calendar year 2023. No assurance can be given whether the number of foreclosures will increase or that market conditions will improve.

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

REGISTERED OWNERS' REMEDIES . . . In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

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

Notwithstanding noncompliance by a district with State law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A Federal bankruptcy court is a court of equity and Federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such

a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owner's claim.

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

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

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

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorneys fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

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

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

FUTURE DEBT . . . As of November 29, 2024, approximately 457 acres of land within the District have been developed or are currently being developed with utility facilities by the Developers.

As of April 1, 2024, the Developer has advanced approximately \$72,396,415 in construction costs plus engineering fees to develop utility facilities. \$25,105,580 of utility costs previously funded by the Developer will remain owing to Developer from the District after the issuance of the Bonds and will be funded from the proceeds of future District bonds.

Therefore, the Developers will be owed additional funds with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate) see "THE DEVELOPERS – Utility Construction Agreements." The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS – Issuance of Additional Debt."

The District may issue bonds or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ (except in the case of road improvements) and, in the case of bonds payable from taxes,

the District's voters. On November 4, 2014, voters within the District authorized the issuance of unlimited tax bonds in the principal amounts of \$118,575,000 for the purpose of providing water, wastewater, and drainage system facilities to meet the needs of the residents and customers of the District. Following the issuance of the Series 2025A Bonds, \$87,925,000 in unlimited tax bonds authorized by the District voters will remain authorized but unissued for water, wastewater and drainage system facilities. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds."

The District has reserved in the Bond Order the right to issue the remaining \$87,925,000 in authorized but unissued water, wastewater and drainage system facilities bonds and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. All of the remaining \$87,925,000 water, wastewater and drainage system facilities bonds may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas and the TCEQ. In the opinion of the District's engineer, the remaining authorization should be sufficient to reimburse the Developers for the water, wastewater and drainage facilities required to serve development within the District. The District also has voted authority to issue \$10,400,000 for road purposes, after issuance of the Series 2025B Bonds, \$5,900,000 will remain authorized but unissued. The District also has voter authority to issue \$10,010,000 for recreational purposes and \$118,575,000 for refunding purposes See "THE SYSTEM."

GOVERNMENTAL APPROVAL . . . As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The TCEQ approved the issuance of the Series 2025A Bonds by an order signed on December 12, 2024 (the "TCEQ Order"). In addition, the Attorney General of Texas must also approve the legality of the Bonds prior to their delivery.

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

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

ENVIRONMENTAL REGULATION . . . Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring remedial action to prevent or mitigate pollution;
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

In 1997, the EPA adopted an ozone standard with a standard for fine particulates, often referred to as the 8-hour standard because it is based on an 8-hour average and is intended to protect public health against longer exposure. In 2008, the EPA tightened the existing eight-hour ozone standard from 0.08 ppm to 0.075 ppm. The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the “Austin Area”), was not designated “nonattainment” for any NAAQS by the EPA in 2012; however, the Austin Area has been just below the 2008 eight-hour ozone standard.

On November 26, 2014, the EPA announced a new proposed ozone NAAQS range of between 65-70 ppb. The Austin Area is vulnerable to being designated nonattainment if the EPA adopts the new proposed ozone NAAQS or otherwise maintains the existing standard applied to more recent air quality monitoring data.

On October 1, 2015, the EPA adopted new NAAQS for ground level ozone of 70 ppb. On November 6, 2017, the EPA issued final designations for the 2015 Ozone NAAQS for most areas of the United States and found that the Austin Area met the standards and thus designated the Austin Area “attainment/unclassified.”

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

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

Water Supply & Discharge Issues. Water supply and discharge regulations that the District may be required to comply with involve: (1) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the 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, potable (drinking) water provided by a Utility District to more than twenty-five (25) people or fifteen (15) service connections is subject to extensive federal and state regulation as a public water supply system, which includes, among other requirements, frequent sampling and analyses. Utility District’s 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. Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment facilities.

Operation of the District’s sewer facilities is subject to regulation under the Federal Clean Water Act and the Texas Water Code. All discharges of pollutants into the nation’s navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed under permits issued by the EPA pursuant to the National Pollutant Discharge Elimination System (“NPDES”) program, a national program established by the Clean Water Act for issuing, revoking, monitoring and enforcing wastewater discharge permits. On September 14, 1998, EPA authorized Texas to implement the NPDES program, which is called the Texas Pollutant Discharge Elimination System (“TPDES”) program.

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies.

Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and proposed two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. The District may also be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

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

DROUGHT CONDITIONS . . . Central Texas, like other areas of the State, has experienced drought conditions within the past 3 years. The District has adopted a water conservation plan. The City of Leander provides water within the District in amounts sufficient to service the residents of the District, however, as drought conditions return water usage and rates could be impacted.

THE DISTRICT

GENERAL . . . The District, a political subdivision of the State of Texas, was created by order of the TCEQ on December 4, 2013, and operates pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District was created for the purposes of providing, operating, and maintaining facilities to control storm water, distributing potable water, collecting and treating wastewater, constructing and acquiring roads and providing and operating park and recreational facilities. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater, the control and diversion of storm water and the operation of park and recreational facilities. Pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 49 of the Texas Water Code, certain districts, such as the District, may issue bonds, subject to approval by the voters in the district and the TCEQ, payable from ad valorem taxes to pay for the development and maintenance of water, wastewater, drainage, and park and recreational facilities. The District may also establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ.

MANAGEMENT . . . *Board of Directors.* The District is governed by a Board of Directors (the “Board”), consisting of five directors, which has control over and management supervision of all affairs of the District. Directors’ terms are four years with elections held within the District on the second Saturday in November in each even numbered year. All of the directors reside or own property in the District.

Name	Title	Term Expires
Matt D. Matthews	President	2028
Greg Walling	Vice President	2026
Lawrence Treuter	Secretary	2026
Peter Dufrene	Asst. Secretary	2028
Josh Cameron	Director	2026

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

Bookkeeper. Municipal Accounts & Consulting, L.P. (“Municipal Accounts”) is charged with the responsibility of providing bookkeeping services for the District.

Engineer. The District’s consulting engineer is Jones-Heroy & Associates, Inc. (the “Engineer”).

Financial Advisor. Specialized Public Finance Inc. serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Bond Counsel and General Counsel. The District has engaged McLean & Howard, L.L.P., Austin, Texas as Bond Counsel and General Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds.

Special Tax Counsel. The District has engaged Orrick Herrington & Sutcliffe LLP, Austin, Texas as Special Tax Counsel. Fees paid to Special Tax Counsel for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

LOCATION . . . The District, which encompasses approximately 538 acres of land, is located in western Williamson County, Texas and lies in the northeastern part of the City of Leander (“Leander” or the “City”) on the eastern side of US Highway 183, adjacent to the intersection of US Highway 183 and the 183A Toll Road. The District is located wholly within the corporate limits of Leander. See “LOCATION MAP.”

CURRENT STATUS OF DEVELOPMENT . . . Of the 538 acres within the District, approximately 492 are developable under current land development regulations (including open space land). As of November 29, 2024, approximately 457 acres (or 93% of the

developable acreage within the District) have been or are being developed with utility facilities as the single-family, multi-family residential and commercial subdivision known as Bryson. As of November 29, 2024, the development in the District consisted of 1,330 developed single-family lots which is comprised of 1,322 completed homes, 2 vacant single-family lots and 6 homes under construction.

The chart below reflects the status of development as of November 29, 2024:

	<u>Net Acreage</u>	<u>Platted Lots</u>	<u>Completed Homes</u>	<u>Homes Under Construction</u>	<u>Vacant Lots</u>
Sections with Utility Facilities or Under Construction:					
Sections 1A, B, 1D, 1E, 2-1, 3-2, 10-1, 2-2, 3-3, 10-2, 2-3, 11-1, 5-1, 5-2, 6, 8, 9, 12, 14, 15, Multi-Family and Commercial (Developed)	456.92	1,330	1,322	6	2
Roadways, Amenity Center, School Lot (1C, 4-1 & 3-1/4-2 and Amenity Center)	46.80	0	0	0	0
Open Space	34.72	0	0	0	0
Total Developable Acreage	538.44	1,330	1,322	6	2

FUTURE DEVELOPMENT . . . Part of the remaining 34.72 acres in the District is open space acreage. There is no further development of land beyond that described in this Official Statement. The District’s Engineer estimates that the \$87,925,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued should be sufficient to reimburse the Developers for the existing utility facilities and provide utility service to remaining undeveloped but potentially developable acres within the District. See “THE BONDS – Issuance of Additional Debt.” The Developers are under no obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that future development will occur.

ANNEXATION OF THE DISTRICT . . . The District lies entirely within the corporate limits of the City of Leander. See “THE BONDS – Annexation.”

FACILITIES AGREEMENT WITH LEANDER . . . The District, the City of Leander, and Developer are parties to that certain “Crescent Leander Facilities Agreement” executed by the District on November 13, 2014 (the “Facilities Agreement”). The Facilities Agreement sets forth the terms and conditions under which the District may issue its bonds to fund facilities and eligible costs required for development of the District, including costs related to water, wastewater, drainage, roads and recreational facilities. The Facilities Agreement provides for conveyance of the completed facilities to the City of Leander upon completion of construction by the Developer or District and acceptance by the City. The Facilities Agreement also provides that the City may dissolve the District at any time after the District has issued its bonds to finance reimbursable costs of facilities funded by the Developer that are required to serve full development of the District.

DEVELOPMENT AND REIMBURSEMENT AGREEMENT WITH LEANDER . . . The City of Leander, Developer, the Leander Development Authority, and Reinvestment Zone Number One, City of Leander, are parties to that certain “Crescent Leander Development and Reimbursement Agreement” executed by the City on December 30, 2013 (the “Development Agreement”). The Development Agreement governs development of all lands within the District, and obligates the Developer to fund and construct certain offsite water, wastewater, drainage and road infrastructure improvements required for development of such lands. The Development Agreement provides for reimbursement of Developer’s costs related to such improvements with incremental ad valorem tax revenues generated from development of the property, and with certain water and wastewater impact fee revenues. The District may not finance with its bonds the same costs that are reimbursed under the Development Agreement.

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THE DEVELOPERS

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

DESCRIPTION OF DEVELOPER . . . The developer currently active within the District is Bryson MPC Holdings LLC, a Delaware limited liability company (the "Developer"). See "THE DISTRICT – Current Status of Development."

ACQUISITION AND DEVELOPMENT FINANCING . . . The Developer had an acquisition and development loan in the principal amount of \$20,000,000 to assist in funding all development. The entire balance of the loan has been paid off.

FINANCIAL INFORMATION CONCERNING THE DEVELOPERS . . . The Developer is not responsible for, liable for, has not made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of the Developer's financial statements and description of its financial arrangements herein should not be construed as an implication to that effect. The Developer has no legal commitment to the District or owners of the Bonds to continue the development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time. Because of the foregoing, financial information concerning the Developer will neither be updated nor provided following the issuance of the Bonds, except as described herein under "CONTINUING DISCLOSURE OF INFORMATION."

HOMEBUILDERS WITHIN THE DISTRICT . . . According to the Developer, there are currently four homebuilders active within the District (Perry Homes, Chesmar Homes, Tri Pointe Homes, and Highland Home Services Homes) building homes in four lot sizes (45', 50', 60' and 70'). The homes range in price from \$480,000 to \$1,100,000, with square footage ranging from 1,400 to 4,200.

UTILITY CONSTRUCTION AGREEMENTS . . . The District and Developer have entered into that certain "Utility Construction and Reimbursement Agreement" dated February 17, 2015 (the "Reimbursement Agreement") governing the construction of water, wastewater, drainage and other facilities on lands within the District. The Reimbursement Agreement general provides for the Developer to fund and construct the facilities necessary for development of the lands within the District and to pay costs related thereto. The Reimbursement Agreement further provides for the District to issue its bonds to purchase the facilities or to otherwise reimburse the Developer's eligible costs at such time as a sufficient tax base has been developed within the District. The District's obligation to issue its bonds for Developer reimbursement is subject to the terms and conditions set forth in the Reimbursement Agreement.

THE SYSTEM

REGULATION . . . The water, wastewater and storm drainage system facilities (the "System"), the purchase, acquisition and construction of which will be permanently financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ, Williamson County and Leander. According to Jones-Heroy & Associates, Inc. (the "Engineer"), the design of all such facilities has been approved by all governmental agencies which have authority over the District.

Operation of the waterworks and wastewater facilities is subject to regulation by, among others, the EPA and the TCEQ.

WATER SUPPLY AND DISTRIBUTION SYSTEM . . . The City of Leander (the "City") provides retail water services to all areas of the District as needed. The City obtains its water from the Lower Colorado River Authority through an agreement with the City of Cedar Park, which treats the water and sells potable water to the City for distribution to its customers. The City is also a member of Brushy Creek Regional Utility Authority which has constructed a regional water supply system.

The water distribution system consists of a network of arterial and interconnecting loop mains. The water distribution system connects to an offsite 24-inch water transmission main on 183A Toll Road. The design of the water supply and distribution system is based on a projection of the water demand conditions based on service connections, and the pressure at which it must be supplied. The system has been designed to meet or exceed the minimum standards established by the Texas Commission on Environmental Quality (the "TCEQ").

WASTEWATER COLLECTION AND TREATMENT SYSTEM . . . The City provides retail wastewater services within the District’s boundaries. The City owns and operates existing wastewater treatment plant facilities sufficient to serve the ultimate build-out demands of the District.

Wastewater is collected in a gravity collection system within the District and delivered by force main to the City’s Wastewater Treatment Facility (Wastewater Permit No. WQ0012644001). The wastewater system has been designed to meet or exceed the minimum state requirements for the land uses and development plan described above.

STORM WATER DRAINAGE . . . Storm water runoff within the District will be collected in curb and gutter streets into flumes or inlets which will convey the flows overland or via underground culverts, respectively. Storm water from the proposed storm sewer system will typically outfall into creek beds or ravines prior to entering into a tributary of the South San Gabriel River. Design of the storm sewer system will be based on requirements of the City and the TCEQ. The proposed District is located in the contributing zone of the Edwards Aquifer; therefore, construction activities will be required to comply with the TCEQ Edwards Aquifer Rules.

ROAD IMPROVEMENTS . . . The District has one main point and one minor point of access from 183A Toll Road and one minor and one minor point of access from San Gabriel Parkway. The District may fund the main entrance and a collector road.

100-YEAR FLOOD PLAIN . . . “Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded. According to the Engineer, approximately 2.2 acres of the District are located within the 100-year floodplain (Zone A) as shown on the Federal Emergency Management Agency Flood Insurance Rate Map. No. 48491C0455E effective September 26, 2008. The area within the floodplain will remain as open space and not be developed.

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FINANCIAL STATEMENT

TABLE 1 – DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt			The Series 2025A Bonds			The Series 2025B Bonds			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest ^(a)	Total	Principal	Interest ^(b)	Total	
	2025	\$ 610,000	\$ 850,349	\$ 1,460,349	\$ -	\$ 169,008	\$ 169,008	\$ -	\$ 106,328	
2026	640,000	818,074	1,458,074	-	298,250	298,250	-	187,638	187,638	1,943,961
2027	670,000	784,211	1,454,211	170,000	298,250	468,250	110,000	187,638	297,638	2,220,099
2028	695,000	752,521	1,447,521	180,000	287,200	467,200	115,000	182,138	297,138	2,211,859
2029	725,000	726,725	1,451,725	185,000	275,500	460,500	120,000	176,388	296,388	2,208,613
2030	760,000	701,838	1,461,838	195,000	263,475	458,475	125,000	168,588	293,588	2,213,900
2031	800,000	675,138	1,475,138	205,000	250,800	455,800	130,000	162,338	292,338	2,223,275
2032	830,000	647,438	1,477,438	215,000	242,600	457,600	140,000	157,138	297,138	2,232,175
2033	865,000	619,138	1,484,138	225,000	234,000	459,000	145,000	151,538	296,538	2,239,675
2034	905,000	589,413	1,494,413	240,000	225,000	465,000	155,000	145,738	300,738	2,260,150
2035	945,000	558,075	1,503,075	250,000	215,400	465,400	160,000	139,538	299,538	2,268,013
2036	990,000	524,925	1,514,925	260,000	205,400	465,400	170,000	133,138	303,138	2,283,463
2037	1,035,000	489,913	1,524,913	275,000	195,000	470,000	175,000	126,338	301,338	2,296,250
2038	1,085,000	453,238	1,538,238	290,000	184,000	474,000	185,000	119,338	304,338	2,316,575
2039	1,130,000	414,313	1,544,313	305,000	172,400	477,400	195,000	111,938	306,938	2,328,650
2040	1,185,000	374,513	1,559,513	320,000	160,200	480,200	205,000	104,138	309,138	2,348,850
2041	1,235,000	331,638	1,566,638	335,000	147,400	482,400	215,000	95,938	310,938	2,359,975
2042	1,285,000	286,863	1,571,863	350,000	134,000	484,000	225,000	87,338	312,338	2,368,200
2043	1,140,000	240,050	1,380,050	370,000	120,000	490,000	235,000	78,338	313,338	2,183,388
2044	1,185,000	199,013	1,384,013	385,000	105,200	490,200	250,000	68,938	318,938	2,193,150
2045	1,240,000	155,950	1,395,950	405,000	89,800	494,800	260,000	58,938	318,938	2,209,688
2046	1,095,000	110,556	1,205,556	425,000	73,600	498,600	275,000	48,538	323,538	2,027,694
2047	920,000	67,763	987,763	450,000	56,600	506,600	290,000	37,538	327,538	1,821,900
2048	625,000	27,844	652,844	470,000	38,600	508,600	300,000	25,575	325,575	1,487,019
2049	-	-	-	495,000	19,800	514,800	320,000	13,200	333,200	848,000
	<u>\$ 22,595,000</u>	<u>\$ 11,399,492</u>	<u>\$ 33,994,492</u>	<u>\$ 7,000,000</u>	<u>\$ 4,461,483</u>	<u>\$ 11,461,483</u>	<u>\$ 4,500,000</u>	<u>\$ 2,874,228</u>	<u>\$ 7,374,228</u>	<u>\$ 52,830,204</u>

(a) Interest calculated at the rates shown on page 2 hereof.

(b) Interest calculated at the rates shown on page 3 hereof.

TABLE 2 – TAXABLE ASSESSED VALUE

2022 Certified Taxable Assessed Valuation	\$	360,801,496	(a)
2023 Certified Taxable Assessed Valuation	\$	498,636,329	(a)
2024 Certified Taxable Assessed Valuation	\$	651,705,538	(a)
Gross Debt Outstanding (after issuance of the Bonds)	\$	34,095,000	(b)
2024 Tax Rates:			
Debt Service.....	\$	0.3200	
Maintenance.....	\$	0.0300	
Total.....	\$	0.3500	
General Fund Balance (as of November 13, 2024).....	\$	250,131	(c)
Capital Project Fund Balance (as of November 13, 2024).....	\$	200,259	(c)
Debt Service Fund (as of November 13, 2024).....	\$	1,801,568	(c)(d)

- (a) As provided by WCAD. See “TAXING PROCEDURES.” Estimated values are not subject to annual update for purposes of SEC Rule 15c2-12.
- (b) Includes the Bonds.
- (c) Unaudited as of November 13, 2024.
- (d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Debt Service Fund.

TABLE 3 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Water, Sewer, Drainage	11/4/2014	\$ 118,575,000	\$ 23,650,000	\$ 7,000,000	\$ 87,925,000
Roads	11/4/2014	10,400,000	-	4,500,000	5,900,000
Recreation	11/4/2014	10,010,000	-	-	10,010,000
Total		<u>\$ 138,985,000</u>	<u>\$ 23,650,000</u>	<u>\$ 11,500,000</u>	<u>\$ 103,835,000</u>

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the “FDIC”) or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the “PPIA”) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PPIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; (14) local government investment pools organized in accordance with the Interlocal Cooperation

Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than “AAA,” “AAA-m” or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District’s name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAA-m” or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted “Investment Strategy Statement” that specifically addresses each fund’s investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived.” At least quarterly the District’s investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District’s investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

ESTIMATED OVERLAPPING DEBT STATEMENT . . . Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in “Texas Municipal Reports,” published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivision overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 9/30/2024
Austin Community College District	\$ 540,180,000	0.13%	\$ 702,234
City of Leander	188,585,000	3.56%	6,713,626
Leander ISD	1,308,693,337	1.28%	16,751,275
Williamson County	1,311,170,000	0.41%	5,375,797
The District	34,095,000	100.00%	34,095,000 ^(a)
Total Direct and Overlapping Tax Supported Debt			\$ 63,637,932
Ratio of Direct and Overlapping Tax Supported Debt to 2024 Certified AV			9.76%

(a) Includes the Bonds.

OVERLAPPING TAXES . . . Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property.

The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District’s tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities (see “DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt Statement”), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2024 tax year by all taxing jurisdictions and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2024 Tax Rate Per \$100 <u>Assessed Valuation</u>
Williamson County ^(a)	\$ 0.4000
Leander Independent School District.....	1.0869
City of Leander.....	0.4173
Austin Community College District.....	<u>0.1013</u>
Total Overlapping Tax Rate.....	\$ 2.0055
The District	<u>0.3500</u>
Total Tax Rate	\$ 2.3555

(a) Includes the County FM/RD tax rate.

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TAX DATA

TABLE 4 – TAX RATE AND COLLECTIONS

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District’s Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

Fiscal Year Ended 9/30	Tax Rate	General Fund	Debt Service	Taxable Assessed Valuation ^(a)	Tax Levy ^(b)	% Total Collections ^(b)
2021	\$ 0.3500	\$ 0.0500	\$ 0.3000	\$ 122,972,599	\$ 428,912	100.00%
2022	0.3500	0.0450	0.3050	205,653,788	719,763	100.00%
2023	0.3500	0.0412	0.3088	360,801,496	1,262,780	100.00%
2024	0.3500	0.0400	0.3100	498,636,329	1,749,517	100.00%
2025	0.3500 ^(c)	0.0300 ^(c)	0.3200 ^(c)	651,705,538	2,280,969	N/A

(a) Assessed Valuation reflects the certified value as reported by the Williamson Central Appraisal District.

(b) Unaudited.

(c) The District approved its 2024 tax rate in September, 2024.

TAX RATE LIMITATION . . . The District’s tax rate for debt service on the Bonds is legally unlimited as to rate and amount.

MAINTENANCE TAX . . . The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, maintaining, repairing and operating the District’s improvements, if such maintenance tax is authorized by a vote of the District’s electors. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. At an election held on November 4, 2014, voters within the District authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation. As shown above under “Table 3 – Taxable Assessed Value,” the District levied a 2024 maintenance and operation tax of \$0.0300/\$100 assessed valuation. See “THE DISTRICT – General.”

TABLE 5 – PRINCIPAL TAXPAYERS

The following list of principal taxpayers was provided by the Williamson Central Appraisal District based on the 2024 tax roll of the District, which reflect ownership as of January 1 of each year shown.

Taxpayer	Taxable Assessed Value	% of 2024 Taxable Assessed Valuation
Broadstone Bryson Owner LP	\$ 70,499,811	10.82%
Vistas at Bryson Property LLC	22,813,533	3.50%
Tri Pointe Homes Texas Inc.	3,389,629	0.52%
Perry Homes LLC	1,767,001	0.27%
Highland Homes-Austin LLC	1,673,454	0.26%
Highland Homes-Austin LLC	1,637,626	0.25%
Homeowner	912,230	0.14%
Homeowner	888,457	0.14%
Homeowner	885,824	0.14%
Homeowner	860,419	0.13%
	<u>\$ 105,327,984</u>	<u>16.16%</u>

TAX ADEQUACY FOR DEBT SERVICE

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2024 Certified Taxable Assessed Valuation and utilize tax rates adequate to service the District's total debt service requirements, including the Bonds. No available debt service funds are reflected in these computations. See "RISK FACTORS – Impact on District Tax Rates."

Average Annual Debt Service Requirements on the Bonds (2025-2049).....	\$ 2,113,208
\$0.3414 Tax Rate on 2024 Certified Taxable Assessed Valuation of \$651,705,538 @ 95% collections	\$ 2,113,677
Maximum Annual Debt Service Requirements on the Bonds (2042).....	\$ 2,368,200
\$0.3826 Tax Rate on 2024 Certified Taxable Assessed Valuation of \$651,705,538 @ 95% collections	\$ 2,368,754

TAXING PROCEDURES

AUTHORITY TO LEVY TAXES . . . The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, its other remaining outstanding bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its facilities and operations and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

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

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . *General:* Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Article VIII, Section 1-a of the Texas Constitution grants a \$3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the spouse of certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. Also partially exempt are residence homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or such higher amount as the Board or the District's voters may approve. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement: Williamson County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period

of up to ten years, all or any part of the increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

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

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land’s capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant’s right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

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

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

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 15 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option

of the District, may be rejected. Additionally, certain taxpayers, including the disabled, persons 65 years or older and disabled veterans, who qualified for certain tax exemptions are entitled by law to pay current taxes on a residential homestead in four installments with the first due before February 1 of each year and the final installment due before August 1 or to defer the payment of taxes without penalty during the time of ownership.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . . Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as “Special Taxing Units.” Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed are classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its operation and maintenance 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 year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

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

The District. A determination as to a district’s status as a Special Taxing Unit, Developed District or Developing District has been made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The Board of Directors designated the District as a Developing District for the 2024 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District’s future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

DISTRICT’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District’s tax lien is on a parity with tax liens of such other taxing units. See “FINANCIAL STATEMENT – Estimated Overlapping Debt Statement.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure

sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS – General – Tax Collections and Foreclosure Remedies."

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

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney's fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

LEGAL MATTERS

LEGAL OPINIONS . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McLean & Howard, L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Issuance of the Bonds is subject to the tax opinion of Orrick Herrington & Sutcliffe LLP, Special Tax Counsel, which opinion will address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel and Special Tax Counsel has been engaged by, and only represents, the District.

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

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

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

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

TAX MATTERS

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

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

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

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax 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 Special Tax 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 Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

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

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax 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, Special Tax 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.

Special Tax Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, 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 the Beneficial Owners to incur significant expense.

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its electronic municipal market access system. Information will be available free of charge by the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1, 2, 4 and in APPENDIX A. In addition, the District has agreed to provide information with respect to the Developers. The District will be obligated to provide information concerning the Developers only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such persons is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District's bonds then outstanding. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to the MSRB.

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

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

NOTICE OF CERTAIN EVENTS . . . The District will provide timely notices of certain 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) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or

acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of 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 of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves, credit enhancement, 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 THE MSRB . . . The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under “Annual Reports” and “Notice of Certain Events” will be in an electronic format and accompanied by identifying information as prescribed by the MSRB and will be available to the public free of charge at www.emma.msrb.org.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

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

This continuing disclosure agreement may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The District believes it has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc. (the “Financial Advisor”), which firm was employed in 2014 as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT

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

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

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

Auditor: The District’s financial statements for fiscal year ending September 30, 2023 were audited by West, Davis and Company, Certified Public Accountants, and excerpts of the District’s Audited Financial Statements as of September 30, 2023 have been included as APPENDIX A in reliance upon such firm’s authority in the field of accounting.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in “CONTINUING DISCLOSURE OF INFORMATION” herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the “end of the underwriting period” is the responsibility of the Initial Purchaser.

OFFICIAL STATEMENT “DEEMED FINAL” . . . For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein “deemed final” by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

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

ANNUAL AUDITS . . . Under Texas Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year so long as the District has bond outstanding. Copies of each audit report must also be filed in the office of the District. The District’s fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District’s audit reports to any Registered Owner or other member of the public within a reasonable time on request, upon payment of prescribed charges.

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

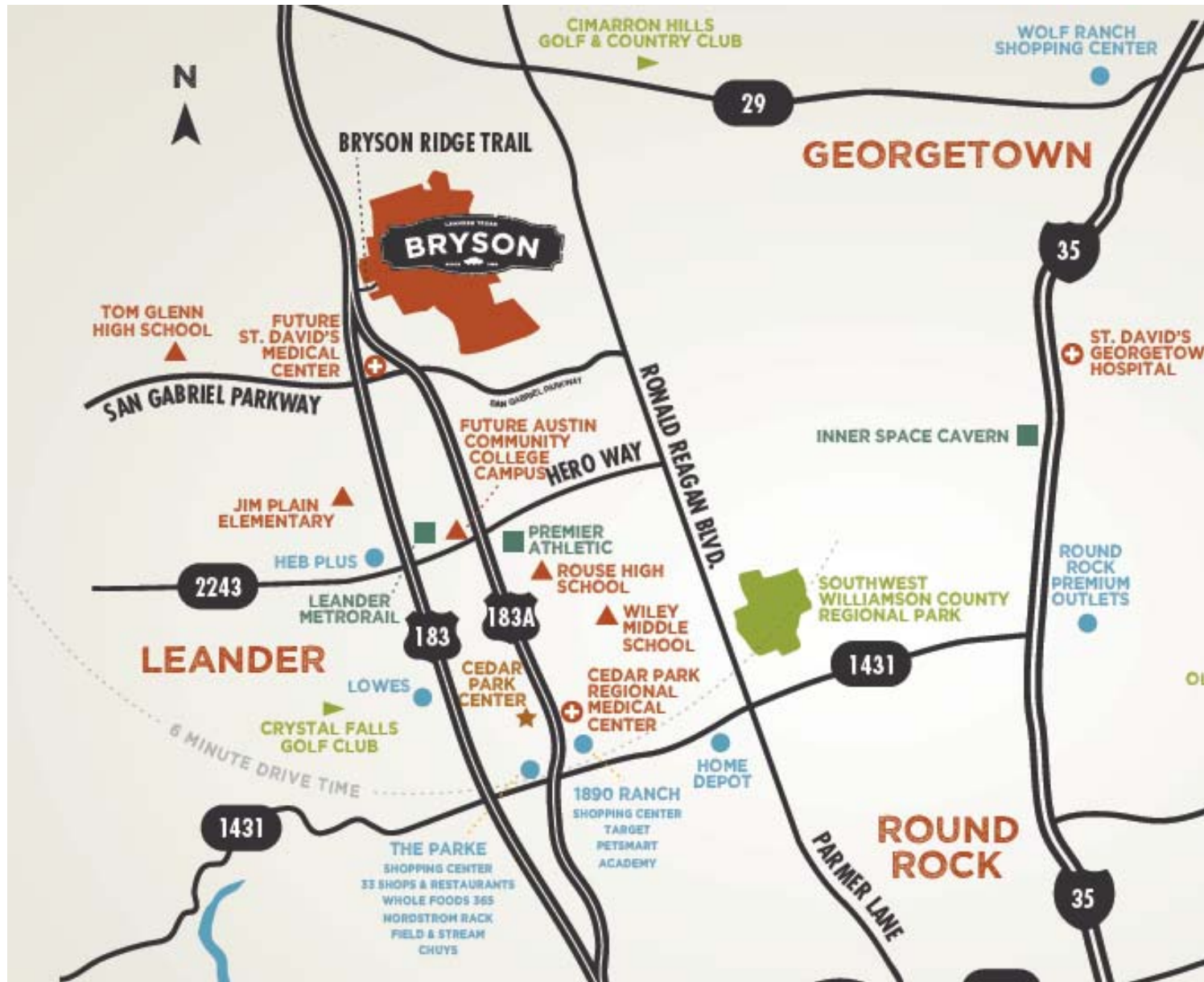
/s/ Matt D. Matthews
President, Board of Directors
Leander TODD Municipal Utility District #1 of Williamson County

/s/ Lawrence Treuter
Secretary, Board of Directors
Leander TODD Municipal Utility District #1 of Williamson County

LOCATION MAP

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PLACES OF INTEREST MAP



PROPERTY AERIAL



PHOTOGRAPHS

The following photographs were taken in the District. The homes shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

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APPENDIX A

Audited Financial Statements

The information contained in this APPENDIX has been excerpted from the September 30, 2023 audited financial statements of Leander TODD Municipal Utility District No. 1 of Williamson County, as prepared by the District's auditor.

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WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

Board of Directors
Leander TODD Municipal Utility District No. 1
of Williamson County
Austin, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Leander TODD Municipal Utility District No. 1 of Williamson County (the District) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the property tax assessed value information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

West, Davis & Company

Austin, Texas
December 31, 2023

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

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

FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance at the end of the year was \$134,142 which was an increase of \$78,126 from the end of the previous year end. Revenue increased from \$97,982 in the previous fiscal year to \$152,835 in the current fiscal year primarily due to increased property tax collections.
- **Debt Service Fund:** The fund balance restricted for debt service at the end of the year was \$1,271,266 which was an increase of \$375,070 from the end of the previous year end. Revenue increased from \$773,997 in the previous fiscal year to \$1,177,331 in the current fiscal year primarily due to increased property tax collections. The District issued \$4,500,000 in new bonds in the current fiscal year.
- **Capital Projects Fund:** The fund balance restricted for capital projects at the end of the year was \$119,161 which was an increase of \$109,672 from the end of the previous year end. Revenue decreased from \$4,448,561 in the previous fiscal year to \$4,076,454 in the current fiscal year; revenue in the current fiscal year consisted primarily of the net proceeds from the District’s fifth bond issue. Capital expenditures in the current fiscal year consisted of a \$3,966,781 reimbursement to the developer for the construction of water, wastewater, and drainage facilities.
- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had income in excess of expenses of \$3,697. Net assets increased from a negative \$1,362,225 to a negative \$1,358,528. This increase is primarily due to the unassigned general fund net increase.

OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by the Texas Commission on Environmental Quality on December 4, 2013 pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The District was created and organized for the purpose of constructing water, sewer, drainage, road and recreational facilities in order to provide these services to residential and commercial establishments within the District. The District is located entirely within the City of Leander, Texas.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
 - Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet
 - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

	Governmental Activities		Increase (Decrease)
	September 2023	September 2022	
Current and Other Assets	\$ 1,541,069	\$ 977,896	\$ 563,173
Capital and Non-Current Assets	15,884,111	12,344,306	3,539,805
Total Assets	17,425,180	13,322,202	4,102,978
Current Liabilities	498,274	359,484	138,790
Long-Term Liabilities	18,285,434	14,324,943	3,960,491
Total Liabilities	18,783,708	14,684,427	4,099,281
Net Investment in Capital Assets	(2,768,564)	(2,318,903)	(449,661)
Restricted	1,271,266	896,196	375,070
Unrestricted	138,770	60,482	78,288
Total Net Position	\$ (1,358,528)	\$(1,362,225)	\$ 3,697

The District's total assets were \$17,425,180 as of September 30, 2023. Of this amount, \$1,536,441 is accounted for by cash and short-term investments. The District had outstanding liabilities of \$18,783,708. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$138,770.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Summary Statement of Activities

	Governmental Activities		Increase (Decrease)
	2023	2022	
Property Taxes	\$ 1,253,809	\$ 754,951	\$ 498,858
Interest	76,989	8,055	68,934
Total Revenues	1,330,798	763,006	567,792
Administrative Expenses	19,420	22,499	(3,079)
Consultants	55,974	72,483	(16,509)
Amortization	426,976	327,807	99,169
Debt Service	532,834	327,796	205,038
Total Expenses	1,035,204	750,585	284,619
Other Financing Sources (Uses)	(291,897)	(295,711)	3,814
Change in Net Position	3,697	(283,290)	286,987
Beginning Net Position	(1,362,225)	(1,078,935)	(283,290)
Ending Net Position	\$ (1,358,528)	\$ (1,362,225)	\$ 3,697

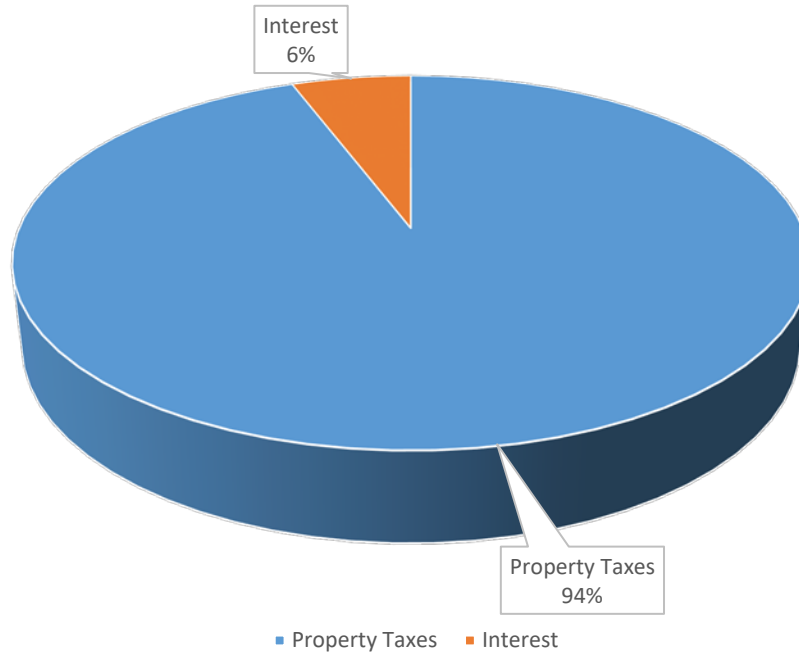
Revenues were \$1,330,798 for the year ended September 30, 2023. Expenses and Other Financing Uses were \$1,327,101 for the year ended September 30, 2023. Net assets increased \$3,697.

The following charts summarize the sources of revenue and areas of expenses excluding Other Financing Sources and Uses:

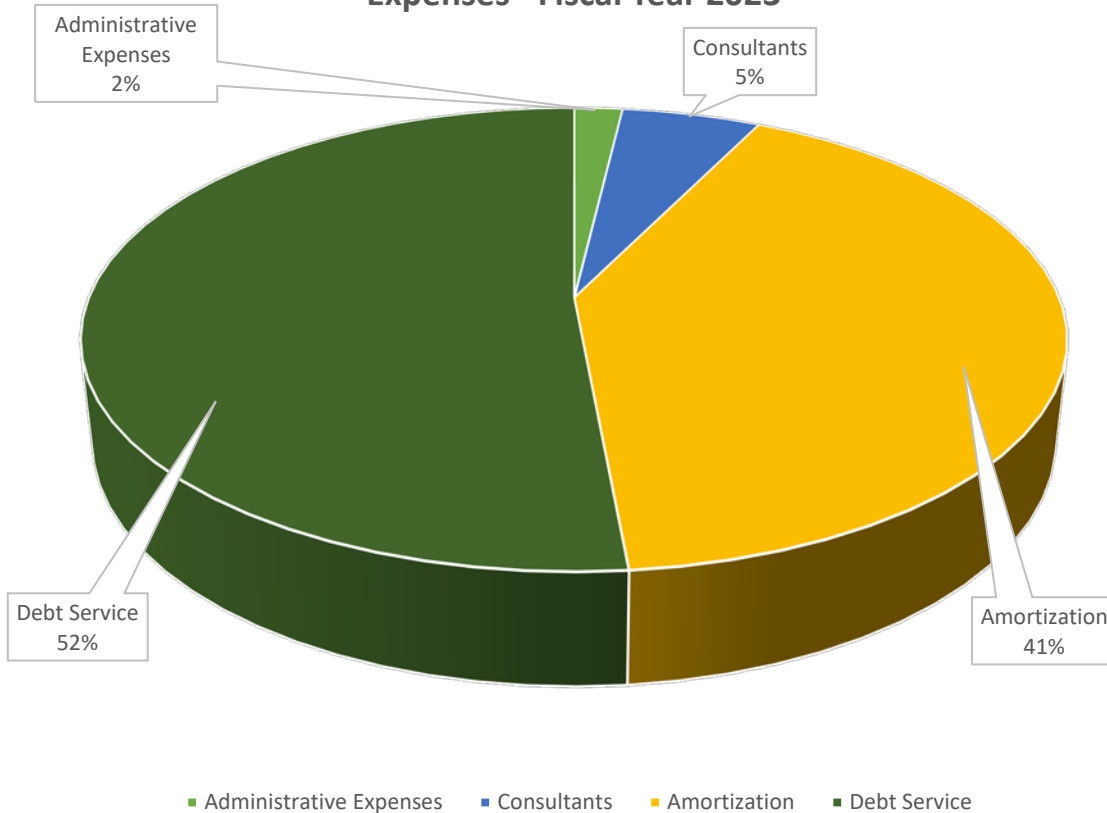
**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

Revenues-Fiscal Year 2023



Expenses - Fiscal Year 2023



**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

Summary Balance Sheet

	Governmental Funds		Increase (Decrease)
	September 2023	September 2022	
Cash and Investments	\$ 1,536,441	\$ 973,430	\$ 563,011
Accounts Receivable	-	-	-
Prepaid Expenses	4,628	4,466	162
Total Assets	1,541,069	977,896	563,173
Accounts Payable	11,872	11,729	143
Deferred Inflow of Resources	-	-	-
Total Liabilities	11,872	11,729	143
Nonspendable	4,628	4,466	162
Restricted for Debt Service	1,271,266	896,196	375,070
Restricted for Capital Projects	119,161	9,489	109,672
Unassigned	134,142	56,016	78,126
Total Fund Balances	1,529,197	966,167	563,030
Total Liabilities and Fund Balances	\$ 1,541,069	\$ 977,896	\$ 563,173

The General Operating Fund, which pays for daily operating expenses, had an unassigned balance of \$134,142 at the end of the year. This is an increase of \$78,126 over the prior year.

The Debt Service Fund had a balance of \$1,271,266 at the end of the year. This is an increase of \$375,070 over the prior year.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

The **Capital Projects Fund** had a balance of \$119,161 at the end of the year. This is an increase of \$109,672 over the prior year.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2023 annual budget for the General Fund on September 8, 2022. The budget included revenues of \$144,664 and expenditures of \$111,250. Actual revenue amounted to \$152,835 and actual expenditures amounted to \$74,547. More detailed information about the District’s budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District acquired service rights to water, wastewater and drainage facilities in exchange for a \$3,966,781 reimbursement to the developer for the construction of those facilities in September 2023.

Summary of Capital Assets

	<u>Governmental Activities</u>		Increase (Decrease)
	<u>September 2023</u>	<u>September 2022</u>	
Land	\$ -	\$ -	\$ -
Water and Wastewater System	-	-	-
Accumulated Depreciation	-	-	-
Service Rights	17,079,037	13,112,256	3,966,781
Accumulated Amortization	<u>(1,194,926)</u>	<u>(767,950)</u>	<u>(426,976)</u>
Total Capital Assets (Net)	<u><u>\$15,884,111</u></u>	<u><u>\$12,344,306</u></u>	<u><u>\$ 3,539,805</u></u>

LONG-TERM DEBT

The District issued \$4,500,000 in unlimited tax bonds during the year. Bonded indebtedness and other long-term debt of the District at year end was \$19,015,000. More detailed information about the District’s long-term debt is presented in the Notes to the Basic Financial Statements.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**Management Discussion and Analysis
For the Year Ended September 30, 2023**

ECONOMIC FACTORS

The taxable assessed value of property within the District as of January 1, 2023 has been fixed by the Williamson County Appraisal District at \$500 million. The tax rates adopted by the District on September 12, 2023 for the coming fiscal year are \$0.04 for maintenance and operations and \$0.31 for debt service. The District expects this to produce approximately \$1.750 million in total property tax revenue for next year. The adopted budget for fiscal year 2024 projects a small increase to the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of McLean & Howard, 4301 Bull Creek Rd, Suite 150, Austin, Texas 78731.

BASIC FINANCIAL STATEMENTS

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2023**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF NET POSITION
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
ASSETS						
Cash	\$ 5,074	\$ -	\$ 3	\$ 5,077	\$ -	\$ 5,077
Investments	139,989	1,272,217	119,158	1,531,364	-	1,531,364
Property Taxes Receivable	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-
Unrealized Expenses	4,628	-	-	4,628	-	4,628
Intangible Assets (Net of Amortization)						
Service Rights	-	-	-	-	15,884,111	15,884,111
Total Assets	\$ 149,691	\$ 1,272,217	\$ 119,161	\$ 1,541,069	\$ 15,884,111	\$ 17,425,180
LIABILITIES						
Accounts Payable	\$ 11,872	\$ -	\$ -	\$ 11,872	66,402	78,274
Due To Other Funds	(951)	951	-	-	-	-
Bonds Payable in less than one year	-	-	-	-	420,000	420,000
Bonds Payable in more than one year	-	-	-	-	18,285,434	18,285,434
Total Liabilities	10,921	951	-	11,872	18,771,836	18,783,708
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	-	-	-	-	-	-
Total Deferred Inflows	-	-	-	-	-	-
FUND EQUITY						
Nonspendable	4,628	-	-	4,628	(4,628)	-
Restricted For Debt Service	-	1,271,266	-	1,271,266	(1,271,266)	-
Restricted For Capital Projects	-	-	119,161	119,161	(119,161)	-
Unassigned	134,142	-	-	134,142	(134,142)	-
Total Fund Equity	138,770	1,271,266	119,161	1,529,197	(1,529,197)	-
Total Liabilities, Fund Equity & Deferred Inflows of Resources	\$ 149,691	\$ 1,272,217	\$ 119,161	\$ 1,541,069		
NET POSITION						
Net Investment in Capital Assets					(2,768,564)	(2,768,564)
Restricted for Debt Service					1,271,266	1,271,266
Unrestricted					138,770	138,770
Total Net Position					\$ (1,358,528)	\$ (1,358,528)

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

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	GOVERNMENTAL FUNDS				ADJUSTMENTS	STATEMENT OF ACTIVITIES
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL		
REVENUES						
Property Tax	\$ 147,590	1,106,219	-	\$ 1,253,809	\$ -	\$ 1,253,809
Interest	5,245	71,112	632	76,989	-	76,989
TOTAL REVENUES	152,835	1,177,331	632	1,330,798	-	1,330,798
EXPENDITURES						
Current:						
Legal Fees	10,834	-	-	10,834	-	10,834
Audit Fees	7,000	-	-	7,000	-	7,000
Accounting	24,894	-	-	24,894	-	24,894
Engineering Fees	10,246	-	-	10,246	-	10,246
Consulting Fees	3,000	-	-	3,000	-	3,000
Insurance	4,466	-	-	4,466	-	4,466
Tax Assessor -Collector	6,810	-	-	6,810	-	6,810
Director Salaries and Taxes	4,325	-	-	4,325	-	4,325
Printing and Office Supplies	667	-	-	667	-	667
Legal Notices	-	-	-	-	-	-
Travel and Miscellaneous	2,305	847	-	3,152	-	3,152
Debt Service:						
Interest	-	516,414	-	516,414	16,420	532,834
Principal	-	285,000	-	285,000	(285,000)	-
Amortization	-	-	-	-	426,976	426,976
Capital Expenditures	-	-	3,966,781	3,966,781	(3,966,781)	-
TOTAL EXPENDITURES	74,547	802,261	3,966,781	4,843,589	(3,808,385)	1,035,204
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	-	4,500,000	4,500,000	(4,500,000)	-
Bond Discount	-	-	(132,282)	(132,282)	132,282	-
Bond Issuance Costs	-	-	(291,897)	(291,897)	-	(291,897)
TOTAL OTHER SOURCES	-	-	4,075,821	4,075,821	(4,367,718)	(291,897)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	78,288	375,070	109,672	563,030	(563,030)	-
Change in Net Position					3,697	3,697
Fund Balance/Net Position - Beginning	60,482	896,196	9,489	966,167	(2,328,392)	(1,362,225)
Fund Balance/Net Position - Ending	\$ 138,770	\$ 1,271,266	\$ 119,161	\$ 1,529,197	(2,887,725)	\$ (1,358,528)

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

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies

The basic financial statements of Leander TODD Municipal Utility District No. 1 of Williamson County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Leander TODD Municipal Utility District No. 1 of Williamson County (the District), a political subdivision of the State of Texas, was created on December 4, 2013, by the Texas Commission on Environmental Quality pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The District was created and organized for the purpose of constructing water, sewer, drainage, road and recreational facilities in order to provide these services to residential and commercial establishments within the District.

These financial statements report the financial activity of the District. The reporting entity of the District encompasses those activities and functions over which the District's elected and appointed officials exercise significant oversight or control. The District is governed by a five-member Board of Directors (the Board) that has been elected by District residents or appointed by the Board to fill vacancies. The funds and government-wide financial statements presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

A. Basis of Presentation, Basis of Accounting

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

Government-wide Financial Statements:

The **Statement of Net Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes and utility service revenue.

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Governmental Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

B. Measurement Focus, Basis of Accounting

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt, which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long term debt are reported as other financing sources.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

C. Fund Balances

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

Those fund balance classifications are described below.

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

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

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

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

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

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year-end.

E. Pensions

The District has not established a pension plan.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

These include cash on deposit as well as investments with maturities of three months or less at the time of purchase.

G. Prepaid Items

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

H. Interfund Transactions

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

I. Long-Term Debt

Unlimited Tax Bonds, which will be issued to acquire capital assets, are to be repaid from tax revenues of the District. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

J. Deferred Outflows and Inflows of Resources

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

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 has been implemented in these financial statements.

2. Cash and Investments

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Not all assets meeting the definition of an investment are required to be reported at fair value. Including among excepted investments are certain investments held by 2a7-like external investments pools. As detailed below the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

The District’s investments at year end are shown below.

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
	<u>Level</u>			
TexPool	N/A	AAAm	1 Days Average	\$ 1,531,364

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District’s investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as detailed above.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterpart’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial credit risk.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

The District’s investments in Pools are reported at an amount determined by the fair value per share of the Pool’s underling portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

2. Cash and Investments (continued)

TexPool – The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor’s and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2023, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.0412 and \$0.3088 per \$100 valuation, respectively, for a total of \$0.35 per \$ 100 valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2023, property taxes receivable, totaled \$ -0- and \$ -0- for the General and Debt Service Funds, respectively.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

4. Capital Assets

Upon the completion of each phase of District facilities and following acceptance by the City of Leander, the District and/or Developer are required to promptly convey those facilities to the City. The water quality ponds will be conveyed by the District and/or Developer to the homeowner's association for maintenance and operation. The District receives service rights to those facilities in exchange for reimbursement to the developer for the cost of construction those facilities. A summary of those service rights is as follows:

<u>Capital Assets</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2023</u>
Land	\$ -	-	-	\$ -
Water/Wastewater System	-	-	-	-
Service Rights	13,112,256	3,966,781	-	17,079,037
Total	<u>13,112,256</u>	<u>3,966,781</u>	<u>-</u>	<u>17,079,037</u>
<u>Accumulated Amortization and Depreciation</u>				
Land	-	-	-	-
Water/ Wastewater System	-	-	-	-
Service Rights	(767,950)	(426,976)	-	(1,194,926)
Total	<u>(767,950)</u>	<u>(426,976)</u>	<u>-</u>	<u>(1,194,926)</u>
Total Capital Assets (Net)	<u>\$ 12,344,306</u>	<u>3,539,805</u>	<u>-</u>	<u>\$ 15,884,111</u>

5. Bonds

At an election held within the District on November 4, 2014, voters authorized a total of \$118,575,000 of unlimited tax bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, and a drainage and storm water system for the District. At the same election, the voters of the District authorized the issuance of a total of \$10,400,000 of unlimited tax bonds for the purpose of constructing road facilities and \$10,010,000 of unlimited tax bond for the purpose of construction or purchase of recreational facilities. The District's bonds are collateralized by the levy of an annual ad valorem tax against all taxable property within the District. The District has no direct borrowings or direct placement debt.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

In February 2018, the District issued \$3,200,000 in Unlimited Tax Bonds to reimburse the developer for the cost of constructing water, wastewater and drainage facilities serving the District.

In April 2020, the District issued \$3,200,000 in Unlimited Tax Bonds to reimburse the developer for the cost of constructing water, wastewater and drainage facilities serving the District.

In June 2021, the District issued \$3,750,000 in Unlimited Tax Bonds to reimburse the developer for the cost of constructing water, wastewater and drainage facilities serving the District.

In June 2022, the District issued \$5,000,000 in Unlimited Tax Bonds to reimburse the developer for the cost of constructing water, wastewater and drainage facilities serving the District.

In September 2023, the District issued \$4,500,000 in Unlimited Tax Bonds to reimburse the developer for the cost of constructing water, wastewater and drainage facilities serving the District.

The District's outstanding bonds are described as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Installments (in thousands)</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Series 2018	\$ 3,200,000	\$85 to \$210	2042	2.2 - 4.000%	\$2,840,000
Series 2020	3,200,000	85 to 195	2045	2.0 - 5.000%	3,025,000
Series 2021	3,750,000	100 to 225	2046	1.5 - 4.500%	3,650,000
Series 2022	5,000,000	125 to 325	2047	4.0 - 7.000%	5,000,000
Series 2023	4,500,000	189 to 346	2048	4.0 - 6.500%	4,500,000

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

The change in bonds outstanding during the year is as follows:

<u>Bonds:</u>	<u>Balance 9/30/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2023</u>
Unlimited Tax Bonds, Series 2018	\$ 2,935,000	-	(95,000)	\$ 2,840,000
Unlimited Tax Bonds, Series 2020	3,115,000	-	(90,000)	3,025,000
Bond Discount, Series 2020	(5,748)	-	246	(5,502)
Unlimited Tax Bonds, Series 2021	3,750,000	-	(100,000)	3,650,000
Bond Discount, Series 2021	(40,092)	-	1,671	(38,421)
Unlimited Tax Bonds, Series 2022	5,000,000	-	-	5,000,000
Bond Discount, Series 2022	(144,217)	-	5,769	(138,448)
Unlimited Tax Bonds, Series 2023	-	4,500,000	-	4,500,000
Bond Discount, Series 2023	-	(132,282)	5,087	(127,195)
Total Bond Indebtedness	<u>\$ 14,609,943</u>	<u>\$ 4,367,718</u>	<u>\$ (272,227)</u>	<u>\$ 18,705,434</u>

Redemption

Series 2018 Bonds maturing on or after August 15, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2035, 2037 and 2042 are subject to mandatory sinking fund redemption.

Series 2020 Bonds maturing on or after August 15, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2034, 2036, 2038, 2041 and 2045 are subject to mandatory sinking fund redemption.

Series 2021 Bonds maturing on or after August 15, 2027, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2026, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2040, 2042, 2044 and 2046 are subject to mandatory sinking fund redemption.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

5. Bonds (continued)

Series 2022 Bonds maturing on or after August 15, 2028, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2027, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2033, 2035, 2037 and 2047 are subject to mandatory sinking fund redemption.

Series 2023 Bonds maturing on or after August 15, 2029, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2028, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2034, 2037, 2041 and 2043 are subject to mandatory sinking fund redemption.

Debt Service Requirements-Bonds

Debt service requirements on long-term bond debt as of the end of the year are as follows:

<u>Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 420,000	\$ 682,317	\$ 1,102,317
2025	530,000	681,288	1,211,288
2026	555,000	653,813	1,208,813
2027	580,000	625,050	1,205,050
2028	600,000	598,760	1,198,760
2029-2033	3,415,000	2,673,598	6,088,598
2034-2038	4,205,000	2,047,086	6,252,086
2039-2043	4,970,000	1,249,097	6,219,097
2047-2048	3,740,000	390,963	4,130,963
Totals	\$ 19,015,000	\$ 9,601,972	\$ 28,616,972

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

7. Contingencies and Commitments

The District has an obligation to reimburse developers of property in the District costs expended on behalf of the District for the construction of water, sewer, drainage, road and recreational systems designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Subsequent Events

The District has evaluated subsequent events as of December 31, 2023, the date the financial statements were available to be issued.

10. Reconciliation of Government-wide and Fund Financial Statements

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

Governmental Funds Total Fund Balances	\$ 1,529,197
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,884,111
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(18,705,434)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(66,402)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	-
Total Net Position	<u>\$ (1,358,528)</u>

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY
Notes to the Financial Statements
For the Year Ended September 30, 2023**

10. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

Governmental Funds Excess of Revenues over Expenditures	\$ 563,030
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	-
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	
Capital Outlay	3,966,781
Amortization	(426,976)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these are not expenses	
Bond Principal	285,000
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	(16,420)
Bond Proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities	(4,367,718)
Change in Net Position	\$ 3,697

REQUIRED SUPPLEMENTARY INFORMATION

**LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1
OF WILLIAMSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GENERAL FUND
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Property Tax	\$ 144,459	\$ 147,590	\$ 3,131
Interest	205	5,245	5,040
TOTAL REVENUES	<u>144,664</u>	<u>152,835</u>	<u>8,171</u>
<u>EXPENDITURES</u>			
Current:			
Legal Fees	15,000	10,834	4,166
Audit Fees	7,000	7,000	-
Accounting	38,000	24,894	13,106
Engineering Fees	20,000	10,246	9,754
Consulting Fees	-	3,000	(3,000)
Insurance	9,000	4,466	4,534
Tax Assessor -Collector	4,000	6,810	(2,810)
Director Salaries and Taxes	6,500	4,325	2,175
Printing and Office Supplies	2,750	667	2,083
Legal Notices	-	-	-
Travel and Miscellaneous	9,000	2,305	6,695
Capital Expenditures	-	-	-
TOTAL EXPENDITURES	<u>111,250</u>	<u>74,547</u>	<u>36,703</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Advances from Developer	-	-	-
TOTAL OTHER SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues over Expenditures	33,414	78,288	44,874
Fund Balance - Beginning of Year	60,482	60,482	-
Fund Balance - End of Year	<u>\$ 93,896</u>	<u>\$ 138,770</u>	<u>\$ 44,874</u>

See accompanying independent auditor's report

APPENDIX B

Form of Bond Counsel and Special Tax Counsel's Opinions

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MCLEAN & HOWARD, L.L.P.

4301 BULL CREEK ROAD, SUITE 150

AUSTIN, TEXAS 78731

(512) 328-2008

January 21, 2025

We have acted as Bond Counsel for Leander TODD Municipal Utility District No. 1 of Williamson County (the "District") in connection with the issuance of bonds (the "Bonds") by the District described as follows:

LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1 OF WILLIAMSON COUNTY UNLIMITED TAX BONDS, SERIES 2025A, dated January 21, 2025, in the aggregate principal amount of \$7,000,000, bearing interest at the rate set forth in the Order authorizing the issuance of the bonds (the "Bond Order"), with such interest payable on August 15 and February 15 of each year, commencing August 15, 2025, until maturity or prior redemption, and maturing serially on August 15 in each year from 2027 through 2049.

The Bonds maturing on or after August 15, 2031 are redeemable, in whole or in part, at the option of the District on August 15, 2030, or on any date thereafter, at a price of the par value thereof plus accrued interest to the date of redemption, in the manner provided in the Bond Order. The Bonds are registered as to both principal and interest and are transferable, registrable, and payable in the manner provided in the Bond Order.

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon certificates executed by officers, directors, agents and representatives of the District. We have assumed no responsibility with respect to the financial condition of the District or the reporting or disclosure thereof in connection with the sale of the Bonds.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the District, customary certificates of officers, agents and representatives of the District and other certified showings related to the authorization and issuance of the Bonds. We have also examined the executed Initial Bond No. T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the District has been validly created and organized and that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective; that therefore the Bonds are valid and legally binding obligations of the District; and all taxable property in the District is subject to the levy of ad valorem taxes to pay same, without legal limitation as to rate or amount.

The District has reserved the right in the Bond Order to issue additional bonds payable from ad valorem taxes on a parity with the pledge to pay the Bonds. The District has also reserved the right to issue revenue bonds, special project bonds and refunding bonds. Reference is made to the Bond Order for a complete description of the District's right to issue additional bonds.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas or any other political subdivision or agency. The District's obligations with respect to the Bonds are subject to limitation by applicable federal bankruptcy laws and other laws which may from time to time affect the rights of creditors of political subdivisions.

We express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

Our opinions are based on existing statutes, court decisions and other law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any statutes, case law or other law that may hereafter occur or become effective.

Respectfully yours,

MCLEAN & HOWARD, L.L.P.

4301 BULL CREEK ROAD, SUITE 150

AUSTIN, TEXAS 78731

(512) 328-2008

January 21, 2025

We have acted as Bond Counsel for Leander TODD Municipal Utility District No. 1 of Williamson County (the "District") in connection with the issuance of bonds (the "Bonds") by the District described as follows:

LEANDER TODD MUNICIPAL UTILITY DISTRICT NO. 1 OF WILLIAMSON COUNTY UNLIMITED TAX ROAD BONDS, SERIES 2025B, dated January 21, 2025, in the aggregate principal amount of \$4,500,000, bearing interest at the rate set forth in the Order authorizing the issuance of the bonds (the "Bond Order"), with such interest payable on August 15 and February 15 of each year, commencing August 15, 2025, until maturity or prior redemption, and maturing serially on August 15 in each year from 2027 through 2049.

The Bonds maturing on or after August 15, 2031 are redeemable, in whole or in part, at the option of the District on August 15, 2030, or on any date thereafter, at a price of the par value thereof plus accrued interest to the date of redemption, in the manner provided in the Bond Order. The Bonds are registered as to both principal and interest and are transferable, registrable, and payable in the manner provided in the Bond Order.

WE HAVE ACTED AS BOND COUNSEL for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon certificates executed by officers, directors, agents and representatives of the District. We have assumed no responsibility with respect to the financial condition of the District or the reporting or disclosure thereof in connection with the sale of the Bonds.

IN OUR CAPACITY AS BOND COUNSEL, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds which contains certified copies of certain proceedings of the Board of Directors of the District, customary certificates of officers, agents and representatives of the District and other certified showings related to the authorization and issuance of the Bonds. We have also examined the executed Initial Bond No. T-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the District has been validly created and organized and that the transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective; that therefore the Bonds are valid and legally binding obligations of the District; and all taxable property in the District is subject to the levy of ad valorem taxes to pay same, without legal limitation as to rate or amount.

The District has reserved the right in the Bond Order to issue additional bonds payable from ad valorem taxes on a parity with the pledge to pay the Bonds. The District has also reserved the right to issue revenue bonds, special project bonds and refunding bonds. Reference is made to the Bond Order for a complete description of the District's right to issue additional bonds.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas or any other political subdivision or agency. The District's obligations with respect to the Bonds are subject to limitation by applicable federal bankruptcy laws and other laws which may from time to time affect the rights of creditors of political subdivisions.

We express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds.

Our opinions are based on existing statutes, court decisions and other law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any statutes, case law or other law that may hereafter occur or become effective.

Respectfully yours,



Orrick, Herrington & Sutcliffe LLP

300 West 6th Street
Suite 1850

AUSTIN, TX 78701

+1 512 582 6950

orrick.com

_____, 2025

Leander TODD Municipal Utility District No. 1 of Williamson County
c/o McLean & Howard, L.L.P.
4301 Bull Creek Road, Suite 150
Austin, Texas 78731

We have served as special tax counsel to Leander TODD Municipal Utility District No. 1 of Williamson County (the "Issuer") in connection with its issuance of the Unlimited Tax Bonds, Series 2025A (the "Bonds"), in the principal amount of \$_____. The Bonds mature, bear interest and may be transferred and exchanged as set out in the order adopted by the Issuer authorizing the Bonds (the "Bond Order").

We have served as special tax counsel for the sole purpose of rendering an opinion with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the federal income tax law and a transcript of certain certified proceedings pertaining to the issuance of the Bonds. The transcript contains certified copies of certain proceedings of the Issuer; certain certifications and representations and other material facts within the knowledge and control of the Issuer, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds.

Based on our examination as described above and in reliance on the legal opinion of McLean & Howard, L.L.P., as Bond Counsel, dated the date hereof, that the Bonds have been authorized and issued in accordance with the Constitution and laws of the State of Texas and are valid and legally binding obligations of the Issuer, we are of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The opinion set forth in the first sentence of the immediately preceding paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Order and the Federal Tax Certificate executed by the Issuer on the date hereof, to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Code and the existing regulations, rulings and court decisions thereunder, upon which the foregoing opinion is based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

Our opinion is based on existing law, which is subject to change. Such opinion is further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinion to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinion is not a guarantee of result and is not binding on the Internal Revenue Service; rather, such opinion represents our legal judgment as of the date hereof based upon our review of existing law that we deem relevant to such opinion and in reliance upon the representations and covenants referenced above.

Orrick, Herrington & Sutcliffe LLP



Orrick, Herrington & Sutcliffe LLP

300 West 6th Street
Suite 1850

AUSTIN, TX 78701

+1 512 582 6950

orrick.com

_____, 2025

Leander TODD Municipal Utility District No. 1 of Williamson County
c/o McLean & Howard, L.L.P.
4301 Bull Creek Road, Suite 150
Austin, Texas 78731

We have served as special tax counsel to Leander TODD Municipal Utility District No. 1 of Williamson County (the "Issuer") in connection with its issuance of the Unlimited Tax Road Bonds, Series 2025B (the "Bonds"), in the principal amount of \$_____. The Bonds mature, bear interest and may be transferred and exchanged as set out in the order adopted by the Issuer authorizing the Bonds (the "Bond Order").

We have served as special tax counsel for the sole purpose of rendering an opinion with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the federal income tax law and a transcript of certain certified proceedings pertaining to the issuance of the Bonds. The transcript contains certified copies of certain proceedings of the Issuer; certain certifications and representations and other material facts within the knowledge and control of the Issuer, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds.

Based on our examination as described above and in reliance on the legal opinion of McLean & Howard, L.L.P., as Bond Counsel, dated the date hereof, that the Bonds have been authorized and issued in accordance with the Constitution and laws of the State of Texas and are valid and legally binding obligations of the Issuer, we are of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The opinion set forth in the first sentence of the immediately preceding paragraph is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted in the Bond Order and the Federal Tax Certificate executed by the Issuer on the date hereof, to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Code and the existing regulations, rulings and court decisions thereunder, upon which the foregoing opinion is based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

Our opinion is based on existing law, which is subject to change. Such opinion is further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinion to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinion is not a guarantee of result and is not binding on the Internal Revenue Service; rather, such opinion represents our legal judgment as of the date hereof based upon our review of existing law that we deem relevant to such opinion and in reliance upon the representations and covenants referenced above.

Orrick, Herrington & Sutcliffe LLP

APPENDIX C

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES