

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

The Bonds have been designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations” herein.

NEW ISSUE - Book-Entry-Only

NON-RATED

MIRALOMAS MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas, located within Kendall County, Texas)

**\$2,475,000
UNLIMITED TAX BONDS
SERIES 2024**

Dated Date: December 1, 2024

Due: September 1, on inside cover

Interest Accrues from: Date of Delivery (defined herein)

The \$2,475,000 Unlimited Tax Bonds, Series 2024 (the “Bonds”) are obligations of Miralomas Municipal Utility District (the “District”) and are not obligations of the State of Texas; Kendall County, Texas; or any other political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Kendall County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”). Interest accrues from the initial date of delivery (expected to be on or about December 20, 2024) (the “Date of Delivery”), and is payable on March 1, 2025, and on each September 1 and March 1 (each an “Interest Payment Date”) thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners (“Registered Owners”) as shown on the records of the Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the “Record Date”). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

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

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

Investment in the Bonds is subject to special risk factors as described herein. See “RISK FACTORS.”

The Bonds are offered when, as and if issued by the District and accepted by the winning bidder for the Bonds (the “Initial Purchaser”), subject to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 20, 2024.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$2,475,000 Unlimited Tax Bonds, Series 2024

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (a)</u>	<u>CUSIP Number (b) 60462D</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (a)</u>	<u>CUSIP Number (b) 60462D</u>
2026	\$ 60,000	6.750 %	4.000 %	AA4	2029	\$ 70,000	6.750 %	4.000 %	AD8
2027	60,000	6.750	4.000	AB2	2030	70,000	6.750	4.000	AE6
2028	65,000	6.750	4.000	AC0					

\$1,145,000 Term Bond Due September 1, 2042 (c)(d), Interest Rate: 4.375% (Price: \$99.689) (a), CUSIP No. 60462D AS5 (b)

\$1,005,000 Term Bond Due September 1, 2049 (c)(d), Interest Rate: 4.250% (Price: \$94.860) (a), CUSIP No. 60462D AZ9 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole, or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the principal amounts set forth under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid of SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 97.002823% of par, resulting in a net effective interest rate to the District of 4.576088%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

Subject to certain hold-the-offering-price requirements described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon 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 acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

MUNICIPAL BOND INSURANCE AND RATING

The District made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds, but the Initial Purchaser elected not to purchase municipal bond guaranty insurance on the Bonds.

The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating on the Bonds.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

- The Issuer*..... Miralomas Municipal Utility District (the “District”), a political subdivision of the State of Texas, is located in Kendall County, Texas (the “County”), entirely outside of the extraterritorial jurisdiction (the “ETJ”) of the City of Boerne, Texas (the “City”). See “THE DISTRICT.”
- The Issue*..... The \$2,475,000 Unlimited Tax Bonds, Series 2024 (the “Bonds”) are dated December 1, 2024. Interest accrues from the initial date of delivery (expected to be on or about December 20, 2024) (the “Date of Delivery”), at the rates set forth on the inside cover page, and is payable on March 1, 2025, and each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page. See “THE BONDS.”
- Redemption Provisions*..... The Bonds maturing on and after September 1, 2031 are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2030, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Redemption of the Bonds – *Optional Redemption*.”
- The Bonds maturing on September 1, 2026, through September 1, 2030, both inclusive, are serial bonds. The Bonds maturing on September 1 in each of the years 2042 and 2049 are term bonds (the “Term Bonds”) that are also subject to mandatory sinking fund redemption provisions as set out herein under “THE BONDS – Redemption of the Bonds – *Mandatory Redemption*.”
- Book-Entry-Only System*..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS—Book-Entry-Only System.”
- Source of Payment*..... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; the County; or any entity other than the District. See “THE BONDS—Source of Payment.”

<i>Use of Bond Proceeds</i>	A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for the projects and related costs associated with the District’s wastewater treatment plant. Additionally, proceeds from the sale of the Bonds will be used to pay for operational advances, developer interest, eighteen (18) months of capitalized interest and certain other costs associated with the issuance of the Bonds. See “THE BONDS—Use and Distribution of Bond Proceeds.”
<i>Qualified Tax-Exempt Obligations</i>	The Bonds have been designated as “qualified tax-exempt obligations” for financial institutions.
<i>Municipal Bond Insurance and Rating</i>	The District made an application to Assured Guaranty Inc. and Build America Mutual Assurance Company for a commitment for municipal bond guaranty insurance on the Bonds, but the Initial Purchaser elected not to purchase municipal bond guaranty insurance on the Bonds. The District has not made an application for a municipal bond rating on the Bonds. Furthermore, it is not expected that the District would have been successful in receiving an investment grade rating on the Bonds. See “MUNICIPAL BOND INSURANCE AND RATING.”
<i>Payment Record</i>	The Bonds are the first series of unlimited tax bonds issued by the District. See “THE BONDS—Source of Payment.”
<i>Authority for Issuance</i>	The Bonds are the first series of bonds issued out of an aggregate of \$186,577,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of constructing the Utility System (defined herein). Following the issuance of the Bonds, \$184,102,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System will remain authorized but unissued. The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, (iii) a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District, (iv) an election held within the District on May 12, 2007, and (v) an approving order of the Texas Commission on Environmental Quality (the “TCEQ”).
<i>Legal Opinion</i>	Allen Boone Humphries Robinson LLP, Houston, Texas. See “LEGAL MATTERS.”
<i>Financial Advisor</i>	Robert W. Baird & Co. Incorporated, Houston, Texas.
<i>Disclosure Counsel</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

<i>Description</i>	The District is a political subdivision of the State of Texas, created by the an order of the TCEQ on November 20, 2006 (originally named Lerin Hills Municipal Utility District of Kendall County), and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District contains approximately 867 acres. The District is located entirely within the County. The District is located approximately 4 miles west-southwest of the City and approximately 31 miles northwest of the San Antonio Central
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Business District and within the Boerne Independent School District. The District is bound on the south by State Highway 46 and on the north by Johns Road. The District is not located within the extraterritorial jurisdiction or corporate limits of any city. See “THE DISTRICT—Authority” and “—Description.”

The Developer..... The developer of the land in the District is Miralomas Development Corporation (the “Developer”), a Texas corporation, solely created to develop the District. The Developer purchased the land within the District in January 2015 and has completed the development of 163 lots on approximately 45 acres. The Developer currently owns the remaining approximately 474 developable acres and 63 vacant developed lots in the District. See “DESCRIPTION OF THE DEVELOPER” and “DEVELOPMENT OF THE DISTRICT.”

Development within the District..... The District is being developed as Miralomas, a single-family residential master-planned community. The development in the District currently includes 163 single-family residential lots on approximately 45 acres developed as Miralomas Garden Homes, Section 1. As of September 1, 2024, 100 homes were completed (all occupied), zero homes were under construction and 63 vacant developed lots were available for home construction. The remainder of the District consists of a recreation center on approximately 4 acres, approximately 342 undevelopable acres and approximately 474 acres of undeveloped but developable acreage. See “DESCRIPTION OF THE DEVELOPER,” “DEVELOPMENT OF THE DISTRICT,” and “THE DISTRICT.”

Homebuilders Within the District..... The homebuilders within the District are Sitterle Homes, Gresham Homes, and Hollaway Homes. New homes being constructed within the District are being marketed in the price range of approximately \$450,000 to \$1,300,000 and range from approximately 2,700 square feet to 4,000 square feet. See “DESCRIPTION OF THE DEVELOPER—Homebuilders within the District.”

RISK FACTORS

THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “RISK FACTORS.”

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**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2024 Taxable Assessed Valuation..... See "TAX DATA" and "TAXING PROCEDURES."	\$ 79,628,191 (a)
Estimated Taxable Assessed Valuation as of October 4, 2024..... See "TAX DATA" and "TAXING PROCEDURES."	\$ 94,900,277 (b)
Direct Debt:	
The Bonds	<u>\$ 2,475,000</u>
Total Direct Debt.....	<u>\$ 2,475,000</u>
Estimated Overlapping Debt.....	<u>\$ 2,303,593 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 4,778,593</u>
Direct Debt Ratios:	
As a percentage of 2024 Taxable Assessed Valuation	3.11 %
As a percentage of the Estimated Taxable Assessed Valuation as of October 4, 2024.....	2.61 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2024 Taxable Assessed Valuation	6.00 %
As a percentage of the Estimated Taxable Assessed Valuation as of October 4, 2024.....	5.04 %
General Fund Balance (as of September 17, 2024).....	\$ 175,774 (d)
Utility System Debt Service Fund Balance (as of Date of Delivery).....	\$ 172,116 (e)
2024 Tax Rate per \$100 of Taxable Assessed Valuation	
Utility System Debt Service.....	\$ 0.00
Road System Debt Service.....	0.00
Maintenance and Operations.....	<u>1.00</u>
Total.....	\$ 1.00
Average Annual Debt Service Requirement on the Bonds (2025-2049)	\$ 165,160
Maximum Annual Debt Service Requirement on the Bonds (2026)	\$ 174,744
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2025-2049) at 95% Tax Collections:	
Based Upon 2024 Taxable Assessed Valuation (\$79,628,191)	\$ 0.22
Based Upon the Estimated Taxable Assessed Valuation as of October 4, 2024 (\$94,900,277)	\$ 0.19
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2026) at 95% Tax Collections:	
Based Upon 2024 Taxable Assessed Valuation (\$79,628,191).....	\$ 0.24
Based Upon the Estimated Taxable Assessed Valuation as of October 4, 2024 (\$94,900,277).....	\$ 0.20
Number of Single-Family Homes (including zero homes in various stages of construction) as of September 1, 2024	100

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- (a) As certified by the Kendall Appraisal District (the "Appraisal District") as of January 1, 2024. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. After the 2024 Taxable Assessed Valuation was received from the Appraisal District, the Developer (defined herein) successfully protested approximately \$13,510,530 in taxable assessed valuation, which is expected to be removed from the 2024 tax rolls and the figure shown above. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.
 - (b) Provided by the Appraisal District for information purposes only. Represents new construction within the District from January 1, 2024, to October 4, 2024. The estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. Since the Estimated Taxable Assessed Valuation as of October 4, 2024 is based upon the 2024 Taxable Assessed Valuation listed above, such value is also expected to be reduced by the same amount of \$13,510,530 in taxable assessed valuation. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.
 - (c) See "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement."
 - (d) See "RISK FACTORS— Operating Funds."
 - (e) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds and any other bonds issued for the purpose of constructing the Utility System (herein defined). An amount equal to eighteen (18) months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing of the Bonds.

OFFICIAL STATEMENT

relating to

MIRALOMAS MUNICIPAL UTILITY DISTRICT

(A Political Subdivision of the State of Texas, located within Kendall County, Texas)

\$2,475,000

Unlimited Tax Bonds

Series 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Miralomas Municipal Utility District (the "District") of its \$2,475,000 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, (iii) a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District, (iv) an election held within the District on May 12, 2007, and (v) an approving order of the Texas Commission on Environmental Quality (the "TCEQ").

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds, the Developer (herein defined), the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the State; the County; or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the Bonds ("Registered Owners") of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies and Bankruptcy" below." The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

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

Developer: There is no commitment by or legal requirement of the Developer to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District.

Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "DESCRIPTION OF THE DEVELOPER" and "TAX DATA—Principal Taxpayers."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2024 Taxable Assessed Valuation of property located within the District (see "TAX DATA") is \$79,628,191 and the Estimated Taxable Assessed Valuation as of October 4, 2024, is \$94,900,277. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds will be \$174,744 (2026) and the average annual debt service requirements on the Bonds will be \$165,160 (2025-2049). Assuming no increase to nor decrease from the 2024 Taxable Assessed Valuation, tax rates of \$0.24 and \$0.22 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor a decrease from the Estimated Taxable Assessed Valuation as of October 4, 2024, tax rates of \$0.20 and \$0.19 per \$100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. The District levied a total tax rate of \$1.00 per \$100 of assessed valuation for 2024, composed of only a maintenance tax rate. The District intends to levy its initial debt service tax rate in tax year 2025.

Operating Funds

The District's sources of revenue to pay its operating expenses include advances from the Developer, proceeds from bond issues, and maintenance and operations tax proceeds. The District levied a 2024 maintenance and operations tax at the rate of \$1.00 per \$100 of assessed valuation. The District's Operating Fund balance at September 17, 2024, was \$175,774. Maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) maintenance tax revenue, and (3) advances from the Developer. In the event that funds are not made available by the Developer, the District may be required to levy a maintenance and operations tax at a rate sufficient to fund its operating expenses. Such an increase to the tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "THE UTILITY SYSTEM – General Fund Operating Statement."

Undeveloped Acreage and Vacant Developed Lots

There are 63 vacant developed single-family lots and approximately 474 developable acres of land within the District that have not been fully provided with road, water, sewer and storm drainage and detention facilities necessary for the construction of taxable improvements. The District makes no representation as to when or if development of this acreage will occur or if the homebuilding program will be successful. See "DEVELOPMENT OF THE DISTRICT."

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

National Weather Service Atlas Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as Atlas 14. Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners of the Bonds have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a 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. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The District has the right to issue the remaining \$184,102,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of constructing the water, wastewater, and storm drainage facilities to serve the District (the "Utility System") and for refunding of such bonds, the \$130,000,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of constructing the roads to serve the District (the "Road System") and for refunding of such bonds, remaining after the issuance of the Bonds (see "THE BONDS—Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Resolution.

After reimbursement with proceeds of the Bonds, the District will owe the Developer approximately \$24,725,516 for the Utility System and approximately \$2,205,186 for the Road System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS—Issuance of Additional Debt."

The District's Engineer estimates that the aforementioned principal amounts of authorized unlimited tax bonds which will remain unissued following the issuance of the Bonds will be adequate to finance the Utility System, and the Road System to serve all of the currently undeveloped portions of the District.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Potential Impact of Natural Disaster

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

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

Environmental Regulations

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

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

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

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

However, the San Antonio Area is currently designated as a “serious” nonattainment area under the eight-hour ozone standard of 70 ppb promulgated by the EPA in 2015 (the “2015 Ozone Standard”), with an attainment deadline of September 24, 2027. For purposes of the 2015 Ozone Standard, the San Antonio Area consists of Bexar County only.

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

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

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 security of the Bonds as an investment, nor has or will the Attorney General pass upon the adequacy or accuracy of the information contained in this Official Statement.

Changes in Tax Legislation

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution.

The Bonds are dated December 1, 2024 with interest accruing from the initial delivery date (expected to be on or about December 20, 2024) (the “Date of Delivery”), with interest payable on March 1, 2025, and each September 1 and March 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. The Bonds are fully-registered serial bonds maturing on September 1 in each of the years shown under “PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS” on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York (“DTC”), 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 to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. Principal of the Bonds will be payable to the registered owners (“Registered Owners”) at maturity or redemption upon presentation at the principal payment office of the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the “Record Date”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by the Depository Trust Company, New York, New York (“DTC”), while the Bonds are registered in its nominee’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 (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be required 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating from S&P Global Ratings 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 purchase of each Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or 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 the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption: Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to

the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on September 1 in the years 2042 and 2049 (the “Term Bonds”) are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity on September 1 in the years (“Mandatory Redemption Dates”) and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

\$1,145,000 Term Bonds Maturing on September 1, 2042

Mandatory Redemption Date	Principal Amount
September 1, 2031	\$ 75,000
September 1, 2032	\$ 80,000
September 1, 2033	\$ 80,000
September 1, 2034	\$ 85,000
September 1, 2035	\$ 90,000
September 1, 2036	\$ 90,000
September 1, 2037	\$ 95,000
September 1, 2038	\$ 100,000
September 1, 2039	\$ 105,000
September 1, 2040	\$ 110,000
September 1, 2041	\$ 115,000
September 1, 2042 (Maturity)	\$ 120,000

\$1,005,000 Term Bonds Maturing on September 1, 2049

Mandatory Redemption Date	Principal Amount
September 1, 2043	\$ 125,000
September 1, 2044	\$ 130,000
September 1, 2045	\$ 135,000
September 1, 2046	\$ 145,000
September 1, 2047	\$ 150,000
September 1, 2048	\$ 155,000
September 1, 2049 (Maturity)	\$ 165,000

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

The Bonds are the first series of bonds issued out of an aggregate of \$186,577,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of constructing the Utility System and for the further purpose of refunding such bonds. Following the issuance of the Bonds, \$184,102,000 principal amount of unlimited tax bonds will remain authorized but unissued for the purpose of constructing the Utility System.

Additionally, the District's voters have authorized \$130,000,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and for refunding bonds issued for the Road System.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, (iii) the Bond Resolution adopted by the Board of Directors of the District, (iv) an election held within the District on May 12, 2007, and (v) an approving order of the TCEQ.

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District.

In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Kendall Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (herein defined) and used solely to pay principal of and interest on the Bonds, and any additional bonds payable from taxes which may be issued for the Utility System, and fees of the Paying Agent/Registrar. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas (the "State"); Kendall County, Texas (the "County"); or any entity other than the District.

Funds

The Bond Resolution establishes the creation of the District's fund for debt service on the Bonds and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"). At the time of closing, an amount equal to eighteen (18) months of capitalized interest will be deposited into the District's Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System.

Issuance of Additional Debt

The District's voters have authorized the issuance of \$186,577,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System and for refunding of such bonds and \$130,000,000 principal amount of unlimited tax bonds for the purpose of constructing the Road System and for refunding of bonds issued for construction of the Road System and could authorize additional amounts. Following the issuance of the Bonds, \$184,102,000 principal amount of unlimited tax bonds for the purpose of constructing the Utility System will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters).

After reimbursement to the Developer with the proceeds of the Bonds, the District will owe the Developer approximately \$24,725,516 for the Utility System and approximately \$2,205,186 for the Road System.

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

If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

No Arbitrage

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

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners’ Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Utility System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. 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 the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Use and Distribution of Bond Proceeds

A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer (defined herein) for the projects and related costs associated with the District’s wastewater treatment plant. Additionally, proceeds from the sale of the Bonds will be used to pay for operational advances, developer interest, eighteen (18) months of capitalized interest and certain other costs associated with the issuance of the Bonds.

I. CONSTRUCTION RELATED COSTS

Wastewater Treatment Plant.....	\$ 780,000
Wastewater Treatment Plant Driveway.....	449,455
Wastewater Treatment Plant TXDOT Driveway Permit.....	39,825
Wastewater Treatment Plant Discharge & Reuse Permit.....	16,500
Wastewater Treatment Plant Generator Concrete Pad.....	15,645
Wastewater Treatment Plant Metal Storage Building.....	55,520
GBRA Water Reservation Fees.....	315,317
Total Construction Costs.....	\$ 1,672,261

II. NON-CONSTRUCTION COSTS

Developer Interest.....	\$ 239,943
Operating Advances.....	90,327
Capitalized Interest (a).....	172,116
Bond Discount (a).....	74,180
Total Non-Construction Costs.....	\$ 576,566

III. ISSUANCE COSTS AND FEES

Issuance Costs and Professional Fees.....	\$ 143,368
Bond Application Report Costs.....	42,000
State Regulatory Fees.....	8,663
Contingency (a).....	32,142
Total Issuance Costs and Fees.....	\$ 226,173

TOTAL BOND ISSUE REQUIREMENT..... \$ 2,475,000

(a) Represents the difference between the estimated and actual amounts of capitalized interest and Bond discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for utility purposes. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

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THE DISTRICT

Authority

The District is a political subdivision of the State of Texas, created by the an order of the TCEQ on November 20, 2006 (originally named Lerin Hills Municipal Utility District of Kendall County), and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; the control and diversion of storm water; and the construction of roads and related facilities.

The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after the approval by voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District's Utility System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE UTILITY SYSTEM—Regulation."

Description

The District contains approximately 867 acres. The District is located entirely within the County. The District is located approximately 4 miles west-southwest of the City and approximately 31 miles northwest of the San Antonio Central Business District and within the Boerne Independent School District. The District is bound on the south by State Highway 46 and on the north by Johns Road. The District is not located within the extraterritorial jurisdiction or corporate limits of any city.

Management of the District

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

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Brendan Frey	President	2026
Kelly Climer	Vice President	2028
Michael D. Moore	Secretary	2026
Erika Blythe	Assistant Secretary	2026
Kyle English	Assistant Vice President	2028

Investment Policy

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

Consultants

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

Tax Assessor/Collector

The District has appointed an independent tax assessor/collector to perform the tax collection function. Assessments of the Southwest, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Bookkeeper

The District has contracted with Municipal Accounts & Consulting, LP (the "Bookkeeper") for bookkeeping services.

Utility System Operator

The operator of the District's internal water and wastewater system is Municipal Operations & Consulting, Inc.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited annual financial statements are filed with the TCEQ. The District's financial statements for the year ending March 31, 2024, were audited by McCall Gibson Swedlund Barfoot PLLC. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended March 31, 2024.

Engineer

The District's Engineer is Pape-Dawson Engineers, Inc.

General/Bond Counsel

The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fee to be paid to Bond Counsel in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, ("Disclosure Counsel") as disclosure counsel in connection with the issuance of the Bonds. The fee to be paid to Disclosure Counsel in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Financial Advisor

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

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DEVELOPMENT OF THE DISTRICT

Status of Development within the District

The District is being developed as Miralomas, a single-family residential master-planned community. The development in the District currently includes 163 single-family residential lots on approximately 45 acres developed as Miralomas Garden Homes, Section 1. As of September 1, 2024, 100 homes were completed (all occupied), zero homes were under construction and 63 vacant developed lots were available for home construction. The remainder of the District consists of a recreation center on approximately 4 acres, approximately 342 undevelopable acres and approximately 474 acres of undeveloped but developable acreage.

The following is a status of construction of single-family housing within the District as of September 1, 2024:

<u>Section</u>	<u>Acreage</u>	<u>Developed Lots</u>	<u>Homes</u>		<u>Remaining</u>
			<u>Under Construction</u>	<u>Complete</u>	<u>Vacant Lots</u>
Miralomas Garden Homes, Section 1	45.38	163	0	100	63
Residential Subtotal	45.38	163	0	100	63
Recreation Center	4.179				
Undeveloped, but Developable	474.49				
Undevelopable	342.48				
District Total	866.53				

DESCRIPTION OF THE DEVELOPER

Role of the Developer

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

The Developer

The developer of the land in the District is Miralomas Development Corporation (the "Developer"), a Texas corporation. The Developer purchased the land within the District in January 2015 and has completed the development of 163 lots on approximately 45 acres. The Developer currently owns the remaining approximately 474 developable acres and 63 vacant developed lots in the District.

The Developer is a single purpose entity formed and capitalized for the purpose of developing the land it owns within the District. The Developer is a nominally capitalized limited liability company whose assets primarily consist of the land it owns in the District and the receivables due from the District for development costs. The Developer has minimal net revenues.

There is no financing associated with the Developer's acquisition of the land or the development of the property in the District; the acquisition and development is paid with cash. "TAX DATA—Principal Taxpayers."

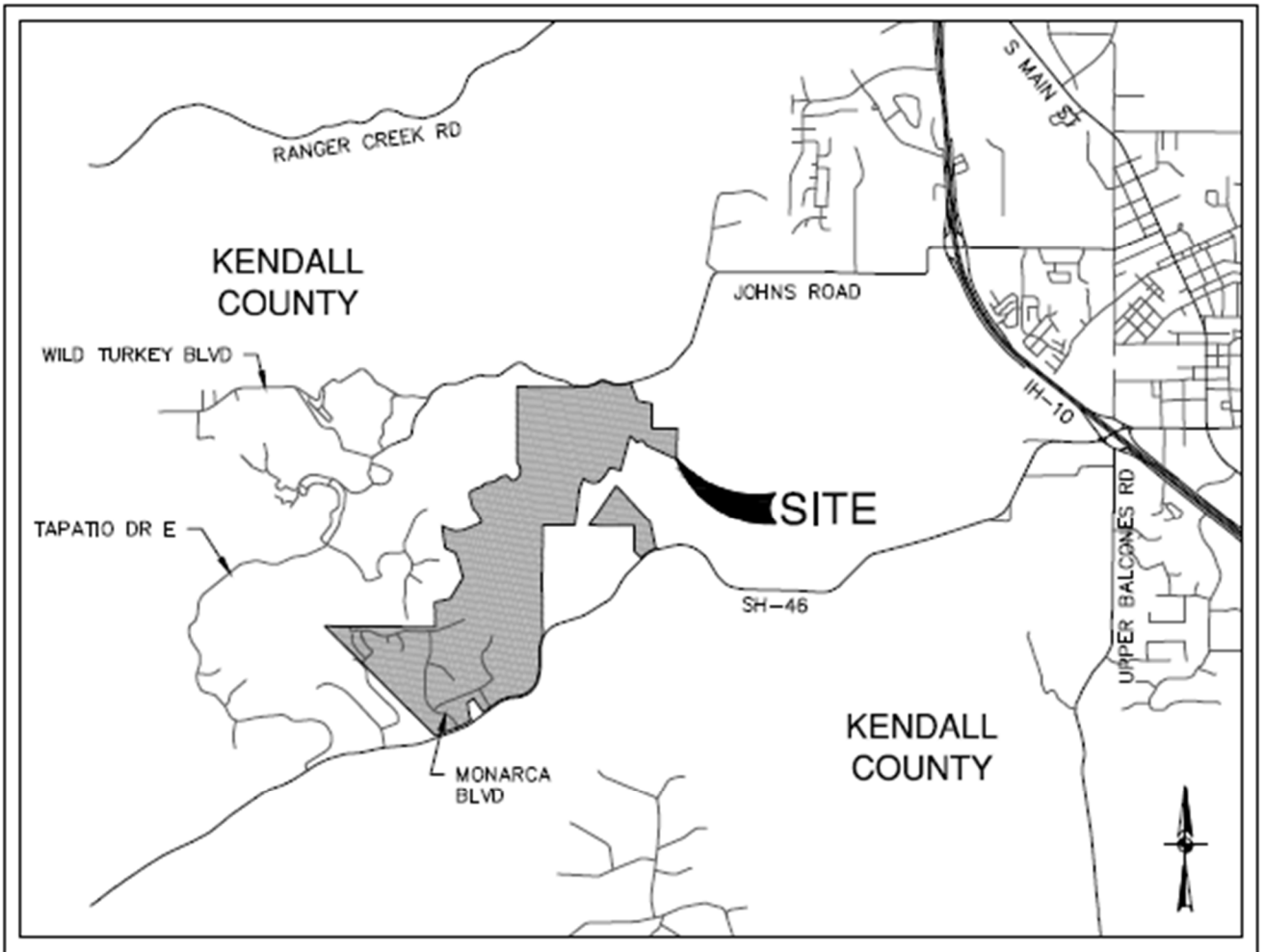
There are no commitments from or obligations of the Developer or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property.

Homebuilders within the District

The homebuilders within the District are Sitterle Homes, Gresham Homes, and Hollaway Homes. New homes being constructed within the District are being marketed in the price range of approximately \$450,000 to \$1,300,000 and range from approximately 2,700 square feet to 4,000 square feet.

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LOCATION MAP



LOCATION MAP

NOT-TO-SCALE

**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2024)**



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements for the Bonds. Totals may not sum due to rounding.

Year Ending <u>12/31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ -	\$ 80,002	\$ 80,002
2026	60,000	114,744	174,744
2027	60,000	110,694	170,694
2028	65,000	106,644	171,644
2029	70,000	102,256	172,256
2030	70,000	97,531	167,531
2031	75,000	92,806	167,806
2032	80,000	89,525	169,525
2033	80,000	86,025	166,025
2034	85,000	82,525	167,525
2035	90,000	78,806	168,806
2036	90,000	74,869	164,869
2037	95,000	70,931	165,931
2038	100,000	66,775	166,775
2039	105,000	62,400	167,400
2040	110,000	57,806	167,806
2041	115,000	52,994	167,994
2042	120,000	47,963	167,963
2043	125,000	42,713	167,713
2044	130,000	37,400	167,400
2045	135,000	31,875	166,875
2046	145,000	26,138	171,138
2047	150,000	19,975	169,975
2048	155,000	13,600	168,600
2049	165,000	7,013	172,013
	<u>\$2,475,000</u>	<u>\$ 1,654,008</u>	<u>\$4,129,008</u>

Average Annual Debt Service Requirement (2025-2049) \$ 165,160
 Maximum Annual Debt Service Requirement (2026) \$ 174,744

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Bonded Indebtedness

2024 Taxable Assessed Valuation.....	\$ 79,628,191 (a)
See "TAX DATA" and "TAXING PROCEDURES."	
Estimated Taxable Assessed Valuation as of October 4, 2024.....	\$ 94,900,277 (b)
See "TAX DATA" and "TAXING PROCEDURES."	
Direct Debt:	
The Bonds	<u>\$ 2,475,000</u>
Total Direct Debt.....	\$ 2,475,000
Estimated Overlapping Debt.....	<u>\$ 2,303,593 (c)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 4,778,593</u>
Direct Debt Ratios:	
As a percentage of 2024 Taxable Assessed Valuation	3.11 %
As a percentage of the Estimated Taxable Assessed Valuation as of October 4, 2024.....	2.61 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of 2024 Taxable Assessed Valuation	6.00 %
As a percentage of the Estimated Taxable Assessed Valuation as of October 4, 2024.....	5.04 %
General Fund Balance (as of September 17, 2024).....	\$ 175,774 (d)
Utility System Debt Service Fund Balance (as of Date of Delivery).....	\$ 172,116 (e)
2024 Tax Rate per \$100 of Taxable Assessed Valuation	
Utility System Debt Service.....	\$ 0.00
Road System Debt Service.....	0.00
Maintenance and Operations.....	<u>1.00</u>
Total.....	\$ 1.00
Average Annual Debt Service Requirement on the Bonds (2025-2049)	\$ 165,160
Maximum Annual Debt Service Requirement on the Bonds (2026)	\$ 174,744
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2025-2049) at 95% Tax Collections:	
Based Upon 2024 Taxable Assessed Valuation (\$79,628,191).....	\$ 0.22
Based Upon the Estimated Taxable Assessed Valuation as of October 4, 2024 (\$94,900,277).....	\$ 0.19
Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds (2026) at 95% Tax Collections:	
Based Upon 2024 Taxable Assessed Valuation (\$79,628,191).....	\$ 0.24
Based Upon the Estimated Taxable Assessed Valuation as of October 4, 2024 (\$94,900,277)	\$ 0.20
Number of Single-Family Homes (including zero homes in various stages of construction) as of September 1, 2024	100

- (a) As certified by the Kendall Appraisal District (the "Appraisal District") as of January 1, 2024. This value includes \$77,822,171 of certified value and \$1,951,254 of uncertified value, provided by the Appraisal District. All property located in the District is valued on the tax rolls by the Appraisal District at 100% of estimated market value as of January 1 of each year. After the 2024 Taxable Assessed Valuation was received from the Appraisal District, the Developer successfully protested approximately \$13,510,530 in taxable assessed valuation, which is expected to be removed from the 2024 tax rolls and the figure shown above. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.
- (b) Provided by the Appraisal District for information purposes only. Represents new construction within the District from January 1, 2024, to October 4, 2024. The estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. Since the Estimated Taxable Assessed Valuation as of October 4, 2024 is based upon the 2024 Taxable Assessed Valuation listed above, such value is also expected to be reduced by the same amount of \$13,510,530 in taxable assessed valuation. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.
- (c) See "Estimated Direct and Overlapping Debt Statement" herein.
- (d) See "RISK FACTORS – Operating Funds."
- (e) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund (herein defined). Funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds and any other bonds issued for the purpose of constructing the Utility System (herein defined). An amount equal to eighteen (18) months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing of the Bonds.

Estimated Direct and Overlapping Debt Statement

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

<u>Taxing Jurisdiction</u>	<u>Tax Year</u>	<u>AV</u>	<u>Outstanding Debt as</u>		<u>Overlapping</u>	
			<u>9/30/2024</u>	<u>Percent</u>	<u>Amount</u>	<u>Amount</u>
Boerne ISD	2023	10,976,366,700	\$ 411,994,896	0.51%	\$ 2,111,353	
Kendall County	2023	10,845,443,089	37,065,000	0.52%	192,240	
Total Estimated Overlapping Debt						\$ 2,303,593
The District Direct Debt (a)						2,475,000
Total Direct Debt & Estimated Overlapping Debt						\$ 4,778,593

(a) The Bonds.

Debt Ratios

	<u>% of 2024 Taxable Assessed Valuation</u>	<u>% of Estimate of Taxable Assessed Valuation as of October 4, 2024</u>
Direct Debt (a)	3.11 %	2.61 %
Direct and Estimated Overlapping Debt (a)	6.00 %	5.04 %

(a) The Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds and any additional bonds payable from taxes 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 Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District, the Utility System and the Road System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax."

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Kendall Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values will be subject to review and change by the Kendall County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation" below.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same

amount may be transferred to a subsequent residence homestead of the surviving spouse. For the 2024 tax year, the District has not granted an exemption for residents who are disabled or 65 years of age and older.

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

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 market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County, the City (if it were to annex the District) and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, the County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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, open space land, and timberland.

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

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

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda 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 that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area or emergency area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

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

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed

can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

The District: For the 2024 tax year, the Board made the determination of the District's status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The District levied a total tax rate of \$1.00 per \$100 of assessed valuation for 2024, composed of only a maintenance tax rate of \$1.00. The District intends to levy its initial debt service tax rate in tax year 2025.

Tax Rate Limitation

Debt Service Tax:	Unlimited (no legal limit as to rate or amount).
Maintenance Tax:	\$1.00 per \$100 of assessed valuation.
Road Maintenance Tax:	\$0.25 per \$100 of assessed valuation.

Debt Service Tax

The District covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "TAX DATA—Tax Rate Distribution" and "TAXING PROCEDURES."

In the Bond Resolution, the Board also covenants to deposit into the Utility System Debt Service Fund the proceeds from all taxes levied, appraised, and collected for payment of the Bonds authorized by the Bond Resolution. Proceeds of the Bonds will be deposited into the capital projects fund for the bonds issued for the Utility System (the "Utility System Capital Projects Fund") upon closing of the Bonds to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Utility System Construction Fund after completion of construction of the Utility System will be used as permitted by the Bond Resolution or ultimately transferred to the Utility System Debt Service Fund.

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted on May 12, 2007, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.00 per \$100 of taxable assessed valuation. Voters in the District also authorized a road maintenance tax at a rate not to exceed \$0.25 per \$100 of assessed valuation on November 7, 2017. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "TAX DATA—Debt Service Tax" and "TAX DATA—Tax Rate Distribution."

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District’s tax base occurs beyond the 2024 Taxable Assessed Valuation (\$79,628,191) or the Estimated Taxable Assessed Valuation as of October 4, 2024 (\$94,900,277). The calculations assume collection of 95% of taxes levied and the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirements (2025-2049).....	\$	165,160
Tax Rate of \$0.22 on the 2024 Taxable Assessed Valuation produces	\$	166,423
Tax Rate of \$0.19 on the Estimated Taxable Assessed Valuation as of October 4, 2024, produces.....	\$	171,295
Maximum Annual Debt Service Requirement (2026)	\$	174,744
Tax Rate of \$0.24 on the 2024 Taxable Assessed Valuation produces	\$	181,552
Tax Rate of \$0.20 on the Estimated Taxable Assessed Valuation as of October 4, 2024, produces.....	\$	180,311

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Estimated Overlapping Taxes

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

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2023 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. These jurisdictions are currently in the process of levying their 2024 tax rates.

Taxing Jurisdiction	2023 Tax Rates
The District (a)	\$ 1.000000
Kendall County	0.382700
Boerne ISD	0.993200
Cow Creek Groundwater Conse	0.050000
Estimated Total Tax Rate	\$ 2.425900

(a) Represents the District's 2024 tax rate.

Historical Tax Collections

Year	Assessed Valuation	Tax Rate per \$100 (b)	Tax Levy	% of Current Collections	Tax Year Ending 9/30	Collections as 9/30/2024
2019	\$ 70,252,461	\$ 1.00	\$ 702,525	100.00%	2020	100.00%
2020	16,439,980	1.00	164,400	100.00%	2021	100.00%
2021	29,218,226	1.00	292,182	100.00%	2022	100.00%
2022	42,158,747	1.00	421,587	100.00%	2023	100.00%
2023	56,250,663	1.00	562,507	99.79%	2024	99.79%
2024	79,628,191 (a)	1.00	796,282	(c)	2025	(c)

(a) After the 2024 Taxable Assessed Valuation was received from the Appraisal District, the Developer successfully protested approximately \$13,510,530 in taxable assessed valuation, which is expected to be removed from the 2024 tax rolls and the figure shown above. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.

(b) See "Tax Rate Distribution."

(c) In process of collection. 2024 taxes are due by January 31, 2025.

Tax Rate Distribution

Tax Year	2024	2023	2022	2021	2020
Road Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Utility Debt Service	-	-	-	-	-
Maintenance & Operations	1.000	1.000	1.000	1.000	1.000
Total	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000	\$ 1.000

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2020-2024 tax rolls as certified by the Appraisal District.

Type of Property	2024 Taxable Assessed Valuation (a)	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation	2020 Taxable Assessed Valuation
Land	\$ 75,051,942	\$ 69,580,539	\$ 59,178,990	\$ 38,250,180	\$ 34,783,310
Improvements	46,420,297	44,535,820	28,066,620	21,763,810	10,146,680
Personal Property	3,400	3,800	2,130	0	-
Exemptions	(41,847,448)	(57,869,496)	(45,088,993)	(30,795,764)	(28,490,010)
Total	\$ 79,628,191	\$ 56,250,663	\$ 42,158,747	\$ 29,218,226	\$ 16,439,980

(a) After the 2024 Taxable Assessed Valuation was received from the Appraisal District, the Developer successfully protested approximately \$13,510,530 in taxable assessed valuation, which is expected to be removed from the 2024 tax rolls and the figure shown above. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.

Principal Taxpayers

The following are the principal taxpayers in the District based upon the District’s certified portion (\$77,822,171) of the 2024 Taxable Assessed Valuation of \$79,628,191.

Taxpayer	Property Type	2024	% of 2024 Value
Miralomas Development Corp. (a)	Land & Improvements	\$ 23,616,438	29.66%
Homeowner	Land & Improvements	1,227,360	1.54%
Homeowner	Land & Improvements	1,163,415	1.46%
Homeowner	Land & Improvements	1,135,489	1.43%
Homeowner	Land & Improvements	1,017,190	1.28%
Homeowner	Land & Improvements	989,187	1.24%
Homeowner	Land & Improvements	942,970	1.18%
Homeowner	Land & Improvements	934,320	1.17%
Homeowner	Land & Improvements	862,170	1.08%
Homeowner	Land & Improvements	843,950	1.06%
Total		\$ 32,732,489	
Percent of the 2024 Taxable Assessed Valuation			41.11%

(a) See “DESCRIPTION OF THE DEVELOPER—The Developer.” After the 2024 Taxable Assessed Valuation was received from the Appraisal District, the Developer successfully protested approximately \$13,510,530 in taxable assessed valuation, which is expected to be removed from the 2024 tax rolls and the figure shown above. As of the date hereof, the Appraisal District has not provided the updated certified tax rolls with the excluded protested value.

THE UTILITY SYSTEM

Regulation

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

Water Supply

The District receives treated water supply pursuant to an agreement with Guadalupe-Blanco River Authority (GBRA). Per the agreement, the District pays a monthly fee for the reservation of 750 acre-feet of raw water per annum. Additionally, a one-time water replacement fee was required to be paid in order to reserve the raw water. The District annually commits to the purchase of a certain amount of treated water, currently 225 acre-feet per annum, and pays a monthly fee for the treated water capacity.

The District entered into the Capacity and Construction Agreement with Kendall West Utility LLC ("Kendall West"), an investor-owned public utility, to facilitate the construction of the necessary infrastructure to connect the District's system to GBRA's system. Pursuant to the agreement, Kendall West constructed portions of the required transmission facilities and the District constructed a portion of the transmission facilities and a booster pump station. Kendall West will use these facilities to transport treated water to the District and to its other customers. The District also entered into the Transport and Supply Agreement with Kendall West to transport the treated water from GBRA to the District.

The District owns and operates a water supply plant that consists of one 250,000-gallon ground storage tank, one 2,500 gpm booster pump and one 8,000-gallon hydropneumatic tank. The existing water plant facilities will adequately serve 400 equivalent single-family connections. As of September 1, 2024, the District was serving 100 active residential connections.

Wastewater Treatment

The District's 490,000 gallons per day ("gpd") wastewater treatment plant provides adequate capacity for 400 equivalent single-family connections. As of September 1, 2024, the District was serving 100 active residential connections.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 100 single-family residential lots.

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, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the Engineer, approximately 342 non-developable acres within the District are within the 100-year flood plain. None of the developed lots or developable acreage within the District are located within the 100-year flood plain. All District facilities are constructed to elevations above the 100-year flood plain per regulatory requirements. See "RISK FACTORS—Potential Impact of Natural Disaster."

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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General Fund Operating Statement

The following is a summary of the District's Operating Fund for the last five years. The amounts for the fiscal years ended March 31, 2021 through March 31, 2024, were obtained from the District's audited financial statements, reference to which is hereby made.

	Fiscal Year Ending March 31,			
	2024	2023	2022	2021
Revenues				
Property Taxes	\$ 546,990	\$ 419,221	\$ 288,154	\$ 167,744
Water Service	259,792	174,914	147,191	104,679
Wastewater Service	85,476	60,244	47,039	28,837
Grinder Service Fees	34,169	29,263	-	-
Tap Connection & Inspection Fees	2,645	15,990	24,600	80,000
Investment & Miscellaneous Revenues	26,395	16,063	44,837	17,082
Total	\$ 955,467	\$ 715,695	\$ 551,821	\$ 398,342
Expenditures				
Professional Fees	\$ 190,591	\$ 189,361	\$ 269,871	\$ 266,039
Contracted Services	210,734	243,753	246,808	346,626
Purchased Water Service	334,469	311,088	275,245	248,592
Purchased Wastewater Service	-	-	14,106	2,582
Utilities	22,085	21,047	16,486	9,714
Repairs & Maintenance	84,378	60,730	155,762	403,182
Other	81,344	53,847	72,487	61,189
Bond Issuance Costs	18,900	-	-	-
Capital Outlay	-	48,067	1,322,169 (a)	1,453,521 (a)
Total	\$ 942,501	\$ 927,893	\$ 2,372,934	\$ 2,791,445
NET REVENUES	\$ 12,966	\$ (212,198)	\$ (1,821,113)	\$ (2,393,103)
Other financing sources				
Internal Transfer	\$ -	\$ -	\$ -	\$ -
Developer Advances	-	463,553	2,047,330	2,131,205
Beginning fund balance	\$ 451,032	\$ 199,677	\$ (26,540)	\$ 235,358
Ending fund balance	\$ 463,998	\$ 451,032	\$ 199,677	\$ (26,540)

(a) Capital outlay expenditures consist of costs related to the construction of the District's wastewater treatment plant and related improvements.

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for information under the subheadings “—Book-Entry-Only System,” and “—Use and Distribution of Bond Proceeds”), “THE DISTRICT—Authority,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the Date of Delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2024 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2024.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the District's continuing disclosure obligations because the District does not have more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds as required by the exemption. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. In addition, the District has agreed to provide information with respect to the Developer, any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the Bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developer and any such other person or entity 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 person 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 information to be updated with respect to the District includes all quantitative financial information and operating data found attached to this Official Statement as "APPENDIX A," and with respect to the Developer, is found in "TAX DATA—Principal Taxpayers." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"). The updated information will include audited financial statements, if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six-month period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution 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 March 31. Accordingly, it must provide updated information by the last day in September in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of 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 District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the

District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The Bonds represent the first series of Bonds to be issued by the District; therefore the District has not entered into a continuing disclosure agreement in accordance to SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

The District’s audited financial statements for the year ended March 31, 2024, were audited by McCall Gibson Swedlund Barfoot PLLC and have been included herein as “APPENDIX A.” McCall Gibson Swedlund Barfoot PLLC, has agreed to the publication of its audit opinion on such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System and the Road System, and, in particular, that engineering information included in the sections entitled “THE DISTRICT - Description”, and “THE UTILITY SYSTEM” has been provided by Pape-Dawson Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned “TAX DATA” and “DISTRICT DEBT” was provided by Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest, Inc.’s authority as an expert in the field of tax collection and the Appraisal District’s authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

unless the Initial Purchaser notify the District in writing on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

CONCLUDING STATEMENT

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

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

/s/ Brendan Frey
President, Board of Directors
Miralomas Municipal Utility District

ATTEST:

/s/ Erika Blythe
Assistant Secretary, Board of Directors
Miralomas Municipal Utility District

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

MIRALOMAS MUNICIPAL UTILITY DISTRICT

KENDALL COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MARCH 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Miralomas Municipal Utility District
Kendall County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Miralomas Municipal Utility District (the "District") as of and for the year ended March 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of March 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Miralomas Municipal Utility District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

June 27, 2024

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

Management’s discussion and analysis of the financial performance of Miralomas Municipal Utility District (the “District”) provides an overview of the District’s financial activities for the year ended March 31, 2024. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The Statement of Net Position presents information that includes all of the District’s assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors. The government-wide Statement of Activities reports how the District’s net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for maintenance taxes, service revenues, developer advances, operating costs and general expenditures. Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District’s governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of current period. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$5,215,117 as of March 31, 2024. The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		Change Positive (Negative)
	2024	2023	
Current Assets	\$ 587,156	\$ 601,235	\$ (14,079)
Capital Assets (Net of Accumulated Depreciation)	2,848,351	2,891,312	(42,961)
Total Assets	\$ 3,435,507	\$ 3,492,547	\$ (57,040)
Due to Developer	\$ 8,547,643	\$ 8,547,643	\$
Other Liabilities	102,981	146,607	43,626
Total Liabilities	\$ 8,650,624	\$ 8,694,250	\$ 43,626
Net Position-			
Investment in Capital Assets	\$ 2,848,351	\$ 2,891,312	\$ (42,961)
Unrestricted	(8,063,468)	(8,093,015)	29,547
Total Net Position	\$ (5,215,117)	\$ (5,201,703)	\$ (13,414)

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended March 31, 2024 and March 31, 2023. During the current fiscal year, the District's net position decreased by \$13,414.

	Summary of Changes in the Statement of Activities		Change Positive (Negative)
	2024	2023	
Revenues:			
Property Taxes	\$ 563,571	\$ 413,814	\$ 149,757
Charges for Services	382,082	280,411	101,671
Other Revenues	26,395	16,063	10,332
Total Revenues	\$ 972,048	\$ 710,288	\$ 261,760
Expenses for Services	985,462	925,157	(60,305)
Change in Net Position	\$ (13,414)	\$ (214,869)	\$ 201,455
Net Position, Beginning of Year	(5,201,703)	(4,986,834)	(214,869)
Net Position, End of Year	\$ (5,215,117)	\$ (5,201,703)	\$ (13,414)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's fund balance as of March 31, 2024, was a \$463,998, an increase of \$12,966 from last year. The increase was primarily due to tax revenues and service revenues exceeding operating and bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the General Fund for the current fiscal year. Actual revenues and other financing sources were \$153,983 less than budgeted revenues and actual expenditures were \$166,949 less than budgeted expenditures which resulted in a positive variance compared to budget of \$12,966.

LONG-TERM DEBT ACTIVITY

Through March 31, 2024, the District recorded a long-term liability to its developer of \$8,547,643 for operating and capital advances the developer has made on behalf of the District since inception.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2024**

CAPITAL ASSETS

Capital assets as of March 31, 2024, total \$2,848,351 (net of accumulated depreciation) and include construction in progress and water and wastewater infrastructure. The only change to capital assets was current year depreciation expense.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 1,330,662	\$ 1,330,662	\$
Capital Assets Subject to Depreciation:			
Water and Wastewater Infrastructure	1,661,280	1,661,280	
Less Accumulated Depreciation	(143,591)	(100,630)	(42,961)
Total Net Capital Assets	\$ 2,848,351	\$ 2,891,312	\$ (42,961)

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects an increase to the General Fund fund balance of \$117,400. Revenues are expected to be \$1,102,194, a decrease of \$7,256 from revenues budgeted for fiscal year 2024. Expenditures are expected to be \$984,794, a decrease of \$124,656 from expenditures budgeted for fiscal year 2024.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Miralomas Municipal Utility District, c/o Allen Boone Humphries Robinson LLP, 919 Congress Ave., Suite 1500, Austin, TX 78701.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
MARCH 31, 2024**

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	\$ 163,328	\$	\$ 163,328
Investments	374,053		374,053
Receivables:			
Property Taxes	20,177		20,177
Service Accounts	28,349		28,349
Other	25		25
Prepaid Costs	1,224		1,224
Construction in Progress		1,330,662	1,330,662
Capital Assets, Net of Accumulated Depreciation:			
Water and Wastewater Infrastructure		1,517,689	1,517,689
TOTAL ASSETS	\$ 587,156	\$ 2,848,351	\$ 3,435,507
LIABILITIES			
Accounts Payable	\$ 85,131	\$	\$ 85,131
Due to Developer		8,547,643	8,547,643
Security Deposits	17,850		17,850
TOTAL LIABILITIES	\$ 102,981	\$ 8,547,643	\$ 8,650,624
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 20,177	\$ (20,177)	\$ -0-
FUND BALANCE			
Nonspendable - Prepaid Costs	\$ 1,224	\$ (1,224)	\$
Unassigned	462,774	(462,774)	
TOTAL FUND BALANCE	\$ 463,998	\$ (463,998)	\$ -0-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 587,156		
NET POSITION			
Investment in Capital Assets		\$ 2,848,351	2,848,351
Unrestricted		(8,063,468)	(8,063,468)
TOTAL NET POSITION		\$ (5,215,117)	\$ (5,215,117)

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

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MARCH 31, 2024**

Total Fund Balance - Governmental Fund	\$	463,998
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental fund.</p>		2,848,351
<p>Deferred tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.</p>		20,177
<p>Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. These liabilities at year end consist of a liability to the developer for operating and capital advances.</p>		<u>(8,547,643)</u>
Total Net Position - Governmental Activities	\$	<u>(5,215,117)</u>

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED MARCH 31, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property Taxes	\$ 546,990	\$ 16,581	\$ 563,571
Water Service	259,792		259,792
Wastewater Service	85,476		85,476
Grinder Service Fees	34,169		34,169
Tap Connection and Inspection Fees	2,645		2,645
Investment and Miscellaneous Revenues	26,395		26,395
TOTAL REVENUES	<u>\$ 955,467</u>	<u>\$ 16,581</u>	<u>\$ 972,048</u>
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	\$ 190,591	\$	\$ 190,591
Contracted Services	210,734		210,734
Purchased Water Service	334,469		334,469
Utilities	22,085		22,085
Repairs and Maintenance	84,378		84,378
Depreciation		42,961	42,961
Other	81,344		81,344
Bond Issuance Costs	18,900		18,900
TOTAL EXPENDITURES/EXPENSES	<u>\$ 942,501</u>	<u>\$ 42,961</u>	<u>\$ 985,462</u>
NET CHANGE IN FUND BALANCE	\$ 12,966	\$ (12,966)	\$
CHANGE IN NET POSITION		(13,414)	(13,414)
FUND BALANCE/NET POSITION - APRIL 1, 2023	<u>451,032</u>	<u>(5,652,735)</u>	<u>(5,201,703)</u>
FUND BALANCE/NET POSITION - MARCH 31, 2024	<u>\$ 463,998</u>	<u>\$ (5,679,115)</u>	<u>\$ (5,215,117)</u>

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

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024**

Net Change in Fund Balance - Governmental Fund	\$	12,966
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		16,581
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(42,961)
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Change in Net Position - Governmental Activities	\$	<u>(13,414)</u>
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The accompanying notes to the financial statements are an integral part of this report.

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 1. CREATION OF DISTRICT

Lerin Hills Municipal Utility District of Kendall County was created effective November 20, 2006, by an Order of the Texas Commission on Environmental Quality (the “Commission”). By Order of the Commission effective May 25, 2017, the Lerin Hills Municipal Utility District of Kendall County changed its name to Miralomas Municipal Utility District (the “District”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District also has received approval from the Commission to finance arterial roadways. In addition, the District has obtained passage of legislation to grant authority to finance all public (not gated) streets in the District.

The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Board of Directors held its first meeting on February 28, 2007.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statement

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

Governmental Fund

The District has one governmental fund and considers it to be a major fund.

General Fund - To account for maintenance taxes, service revenues, developer advances, operating costs and general expenditures.

Basis of Accounting

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

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

Accounts Receivable

The District provides for uncollectible service accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District had no allowance for uncollectible accounts at March 31, 2024.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 MARCH 31, 2024**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include construction in progress and water and wastewater assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water and Wastewater System Assets	5 - 20

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally. The District does not have any restricted fund balances.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 3. BOND AUTHORITY

As of March 31, 2024, the District had authorized but unissued bonds in the amount of \$186,577,000 for utility facilities. On November 7, 2017, the District held a road bond and road maintenance tax election which, resulted in \$130,000,000 in bonds authorized for roads which are all unissued as of March 31, 2024.

NOTE 4. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. As of March 31, 2024, the carrying amount of the District's deposits was \$163,328 and the bank balance of the District's deposits was \$166,553, all of which was covered by federal depository insurance. The District was not exposed to custodial credit risk at year-end.

Investments

The District's investment policies primarily emphasize safety of principal and liquidity and addresses investment diversification, yield, maturity, and the quality and capability of investment management. All District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy which is reviewed annually and may be more restrictive than the Public Funds Investment Act.

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of March 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturity of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	<u>\$ 374,053</u>	<u>\$ 374,053</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At March 31, 2024, the District's investment in TexPool was rated AAAM by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

NOTE 5. MAINTENANCE TAX

On May 12, 2007, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.00 per \$100 of assessed valuation of taxable property within the District. During the year ended March 31, 2024, the District levied an ad valorem maintenance tax rate of \$1.00 per \$100 of assessed valuation, which resulted in a tax levy of \$563,656 on the adjusted taxable valuation of \$56,365,590 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District.

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

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 5. MAINTENANCE TAX (Continued)

On November 7, 2017, the District held a road bond and road maintenance tax election which resulted in an operation and maintenance tax for road facilities authorized not to exceed \$0.25 per \$100 assessed valuation of taxable property within the District. As of March 31, 2024, the District has not levied an ad valorem maintenance tax rate for road facilities.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2024, is summarized in the following table:

	April 1, 2023	Increases	Decreases	March 31, 2024
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 1,330,662	\$ -0-	\$ -0-	\$ 1,330,662
Capital Assets Subject to Depreciation				
Water and Wastewater Infrastructure	\$ 1,661,280	\$	\$	\$ 1,661,280
Less Accumulated Depreciation				
Water and Wastewater Infrastructure	(100,630)	(42,961)	_____	(143,591)
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,560,650</u>	<u>\$ (42,961)</u>	<u>\$ -0-</u>	<u>\$ 1,517,689</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,891,312</u>	<u>\$ (42,961)</u>	<u>\$ -0-</u>	<u>\$ 2,848,351</u>

NOTE 7. UNREIMBURSED COSTS

The District has executed an amended Development Financing Agreement (the “Financing Agreement”) with the Developer within the District dated as of December 14, 2016. The agreement calls for the Developer to fund costs associated with water, wastewater, drainage and road facilities until such time as the District can sell bonds to reimburse the Developer. The District has recorded no liability as of March 31, 2024, related to water, wastewater, drainage and road facilities constructed by the Developer.

In accordance with the terms of the Financing Agreement, the Developer has advanced monies to the District’s General Fund in order for the District to meet its ongoing financial obligations. To date, the Developer has advanced a total of \$8,547,643 to cover the operating deficits. The District plans to use future bond proceeds or surplus maintenance tax revenues to reimburse the Developer for these advances.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024**

NOTE 7. UNREIMBURSED COSTS (Continued)

The following is a summary of transactions regarding the changes in developer advances for the year ended March 31, 2024:

Due to Developer, beginning of year	\$ 8,547,643
Current Year Additions	<u>-0-</u>
Due to Developer, end of year	<u>\$ 8,547,643</u>

NOTE 8. GUADALUPE-BLANCO RIVER AUTHORITY

On September 18, 2009, the District entered into an agreement with the Guadalupe-Blanco River Authority (the “Authority”) for the wholesale supply of treated and raw water. The Authority charges the District an annual fee per acre-foot based on treated and raw water to be supplied for use within the District. On July 29, 2016, the agreement was amended to allow the District to sell purchased but unused water to Kendall West Utility, LLC (“KWU”). As of March 31, 2024, the treated water rate was \$468.63 per acre-foot for 225 acre-feet per year and the raw water rate was \$175.00 per acre-foot for 750 acre-feet per year.

The agreement also included the District’s portion of the Western Canyon Plant’s operations and maintenance costs based on gallons used by the District. As of March 31, 2024, the operations and maintenance rate was \$1.417 per 1,000 gallons.

The Authority has the right to change the rates upon notice to all customers. The term of this agreement expires on December 31, 2036. During the current fiscal year, the District recorded expenditures of \$334,469 in relation to this agreement.

NOTE 9. WATER TRANSPORT AND SUPPLY AGREEMENT

On July 26, 2016, the District entered into a Water Supply and Transport Agreement with KWU. This agreement was amended on February 14, 2018, April 16, 2018 and November 18, 2021. This agreement sets forth the terms and conditions in which KWU will receive and transport potable water for the District using facilities in which the District owns capacity and supply potable water to the District. KWU is also permitted to purchase excess water from the District. The District will pay a monthly water transport charge to KWU at an initial rate of \$0.65 per 1,000 gallons of water purchased by the District from the GBRA. The agreement provides that the rate may be increased beginning January 2018. As of March 31, 2024, the water transport charge rate was \$0.6983 per 1,000 gallons. The District will be charged for any supplemental potable water purchased from KWU at the standard rate in effect for water supplied by KWU to its retail customers.

MIRALOMAS MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2024

NOTE 9. WATER TRANSPORT AND SUPPLY AGREEMENT (Continued)

KWU agrees to compensate the District for surplus water taken by KWU based upon the terms of the District's rate order applicable to volume purchases. The agreement has a term of unlimited duration.

In December 2021, KWU agreed to sell substantively all of its assets to SJWTX, Inc. ("SJWTX"). In connection with the sale, the District consented to the assignment of the Water Supply and Transport Agreement to SJWTX in November 2021. In January 2022, KWU and SJWTX finalized the sale. In February 2023, SJWTX changed its name to Texas Water Company.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission, and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements in the past three years.

MIRALOMAS MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

MARCH 31, 2024

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 420,689	\$ 546,990	\$ 126,301
Water Service	245,000	259,792	14,792
Wastewater Service	70,000	85,476	15,476
Grinder Service Fees	38,000	34,169	(3,831)
Tap Connection and Inspection Fees	3,500	2,645	(855)
Investment and Miscellaneous Revenues	<u>12,050</u>	<u>26,395</u>	<u>14,345</u>
TOTAL REVENUES	<u>\$ 789,239</u>	<u>\$ 955,467</u>	<u>\$ 166,228</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 203,000	\$ 190,591	\$ 12,409
Contracted Services	217,800	210,734	7,066
Purchased Water Service	358,000	334,469	23,531
Purchased Wastewater Service	22,000		22,000
Utilities	28,100	22,085	6,015
Repairs and Maintenance	158,600	84,378	74,222
Other	88,950	81,344	7,606
Capital Outlay	33,000		33,000
Bond Issuance costs		<u>18,900</u>	<u>(18,900)</u>
TOTAL EXPENDITURES	<u>\$ 1,109,450</u>	<u>\$ 942,501</u>	<u>\$ 166,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (320,211)</u>	<u>\$ 12,966</u>	<u>\$ 333,177</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ 320,211</u>	<u>\$ -0-</u>	<u>\$ (320,211)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ 12,966	\$ 12,966
FUND BALANCE - APRIL 1, 2023	<u>451,032</u>	<u>451,032</u>	
FUND BALANCE - MARCH 31, 2024	<u>\$ 451,032</u>	<u>\$ 463,998</u>	<u>\$ 12,966</u>

See accompanying independent auditor's report.

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**MIRALOMAS MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

MARCH 31, 2024

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2024**

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order approved January 19, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$58.00	-0-	N	\$8.15	Per 1,000 gallons
WASTEWATER:	\$35.00	-0-	N	\$5.00	Per 1,000 gallons
SURCHARGE:	0.5%*				

District employs winter averaging for wastewater usage? _____ X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$139.50 Wastewater: \$85.00

* Surcharge above is for the TCEQ regulatory assessment of ½ of 1%.

Note: The District’s rate order also includes the following: reclaimed water rates of \$15.00 per month minimum charge plus \$2.15 per 1,000 gallons over the minimum; and a monthly grinder pump charge of \$28.50.

See accompanying independent auditor’s report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	118	118	x 1.0	118
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>118</u>	<u>118</u>		<u>118</u>
Total Wastewater Connections	<u>118</u>	<u>118</u>	x 1.0	<u>118</u>

3. TOTAL WATER CONSUMPTION DURING THE YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system: 19,899,000 Water Accountability Ratio: 87.0%
(Gallons sold/Gallons pumped)

Gallons sold to customers*: 17,309,000

* Gallons include reclaimed water.

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED MARCH 31, 2024**

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Kendall County, Texas

Is the District located within a city?

Entirely Partly Not at all

Is the District Located within a city's extraterritorial jurisdiction?

Entirely Partly Not at all

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 13,750
Engineering	18,282
Legal	<u>158,559</u>
TOTAL PROFESSIONAL FEES	<u>\$ 190,591</u>
PURCHASED WATER SERVICE	<u>\$ 334,469</u>
CONTRACTED SERVICES:	
Tax Assessment and Collection Costs	\$ 8,000
Bookkeeping	54,921
Operations and Billing	<u>147,813</u>
TOTAL CONTRACTED SERVICES	<u>\$ 210,734</u>
UTILITIES:	
Electricity	\$ 20,058
Telephone	<u>2,027</u>
TOTAL UTILITIES	<u>\$ 22,085</u>
REPAIRS AND MAINTENANCE	<u>\$ 84,378</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 9,729
Insurance	14,579
Office Supplies and Postage	4,424
Travel and Meetings	2,723
Other	<u>9,072</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 40,527</u>
BOND ISSUANCE COSTS	<u>\$ 18,900</u>
OTHER EXPENDITURES:	
Chemicals	\$ 1,097
Laboratory Fees	37,141
Permit Fees	820
Inspection Fees	765
Regulatory Assessment	<u>994</u>
TOTAL OTHER EXPENDITURES	<u>\$ 40,817</u>
TOTAL EXPENDITURES	<u>\$ 942,501</u>

See accompanying independent auditor's report.

MIRALOMAS MUNICIPAL UTILITY DISTRICT
INVESTMENTS
MARCH 31, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>\$ 374,053</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024**

	Maintenance Taxes	
TAXES RECEIVABLE -		
APRIL 1, 2023	\$ 3,596	
Adjustments to Beginning		
Balance	(85)	\$ 3,511
Original 2023 Tax Levy	\$ 588,634	
Adjustment to 2023 Tax Levy	(24,978)	563,656
TOTAL TO BE		
ACCOUNTED FOR		\$ 567,167
 TAX COLLECTIONS:		
Prior Years	\$ 2,902	
Current Year	544,088	546,990
 TAXES RECEIVABLE -		
MARCH 31, 2024		\$ 20,177
 TAXES RECEIVABLE BY		
YEAR:		
2023		\$ 19,568
2022		609
TOTAL		\$ 20,177

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 69,580,539	\$ 59,336,590	\$ 38,250,180	\$ 34,783,310
Improvements	44,535,820	28,102,470	21,763,810	10,146,680
Personal Property	3,800	2,130		
Exemptions	<u>(57,754,569)</u>	<u>(45,249,891)</u>	<u>(30,370,976)</u>	<u>(28,104,930)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 56,365,590</u>	<u>\$ 42,191,299</u>	<u>\$ 29,643,014</u>	<u>\$ 16,825,060</u>
TAX RATES PER \$100 VALUATION:				
Maintenance	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>	<u>\$ 1.00</u>
ADJUSTED TAX LEVY*	<u>\$ 563,656</u>	<u>\$ 421,913</u>	<u>\$ 296,430</u>	<u>\$ 168,250</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>96.53 %</u>	<u>99.86 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.00 per \$100 of assessed valuation approved by voters on May 12, 2007.

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS**

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 546,990	\$ 419,221	\$ 288,154
Water Service	259,792	174,914	147,191
Wastewater Service	85,476	60,244	47,039
Grinder Service Fees	34,169	29,263	24,350
Tap Connection and Inspection Fees	2,645	15,990	24,600
Investment and Miscellaneous Revenues	26,395	16,063	20,487
TOTAL REVENUES	<u>\$ 955,467</u>	<u>\$ 715,695</u>	<u>\$ 551,821</u>
EXPENDITURES			
Professional Fees	\$ 190,591	\$ 189,361	\$ 269,871
Contracted Services	210,734	243,753	246,808
Purchased Water Service	334,469	311,088	275,245
Purchased Wastewater Service			14,106
Utilities	22,085	21,047	16,486
Repairs and Maintenance	84,378	60,730	155,762
Other	81,344	53,847	72,487
Capital Outlay		48,067	1,322,169
Bond Issuance Costs	18,900		
TOTAL EXPENDITURES	<u>\$ 942,501</u>	<u>\$ 927,893</u>	<u>\$ 2,372,934</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 12,966</u>	<u>\$ (212,198)</u>	<u>\$ (1,821,113)</u>
OTHER FINANCING SOURCES			
Developer Advances	<u>\$ - 0 -</u>	<u>\$ 463,553</u>	<u>\$ 2,047,330</u>
NET CHANGE IN FUND BALANCE	\$ 12,966	\$ 251,355	\$ 226,217
BEGINNING FUND BALANCE (DEFICIT)	<u>451,032</u>	<u>199,677</u>	<u>(26,540)</u>
ENDING FUND BALANCE (DEFICIT)	<u>\$ 463,998</u>	<u>\$ 451,032</u>	<u>\$ 199,677</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>118</u>	<u>94</u>	<u>97</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>118</u>	<u>92</u>	<u>79</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 167,744	\$ 117,701	57.2 %	58.7 %	52.2 %	42.1 %	31.6 %
104,679	50,585	27.2	24.4	26.7	26.3	13.6
28,837	8,755	8.9	8.4	8.5	7.2	2.4
14,755	3,954	3.6	4.1	4.4	3.7	1.1
80,000	87,650	0.3	2.2	4.5	20.1	23.6
2,327	103,113	2.8	2.2	3.7	0.6	27.7
<u>\$ 398,342</u>	<u>\$ 371,758</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 266,039	\$ 314,215	19.9 %	26.5 %	48.9 %	66.9 %	84.5 %
346,626	194,529	22.1	34.1	44.7	87.0	52.3
248,592	264,964	35.0	43.5	49.9	62.4	71.3
2,582	142,061			2.6	0.6	38.2
9,714	8,495	2.3	2.9	3.0	2.4	2.3
403,182	459,671	8.8	8.5	28.2	101.2	123.6
61,189	38,289	8.5	7.5	13.1	15.4	10.3
1,453,521	123,335		6.7	239.6	364.9	33.2
		2.0				
<u>\$ 2,791,445</u>	<u>\$ 1,545,559</u>	<u>98.6 %</u>	<u>129.7 %</u>	<u>430.0 %</u>	<u>700.8 %</u>	<u>415.7 %</u>
<u>\$ (2,393,103)</u>	<u>\$ (1,173,801)</u>	<u>1.4 %</u>	<u>(29.7) %</u>	<u>(330.0) %</u>	<u>(600.8) %</u>	<u>(315.7) %</u>
<u>\$ 2,131,205</u>	<u>\$ 1,364,732</u>					
\$ (261,898)	\$ 190,931					
235,358	44,427					
<u>\$ (26,540)</u>	<u>\$ 235,358</u>					
<u>86</u>	<u>88</u>					
<u>27</u>	<u>27</u>					

See accompanying independent auditor's report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024**

District Mailing Address - Miralomas Municipal Utility District
c/o Allen Boone Humphries Robinson LLP
919 Congress Ave., Suite 1500
Austin, TX 78701

District Telephone Number - (512) 518-2424

Board Members:	Term of Office (Elected or <u>Appointed</u>)	Fees of office for the year ended <u>March 31, 2024</u>	Expense reimbursements for the year ended <u>March 31, 2024</u>	<u>Title</u>
Brendan Frey	05/2022 05/2026 (Elected)	\$ 2,076	\$ 212	President
Kelly Climer	05/2024 05/2028 (Elected)	\$ 1,334	\$ 42	Vice President
Michael Dale Moore	05/2024 05/2028 (Appointed)	\$ 1,926	\$ 127	Secretary
Erika J. Blythe	05/2022 05/2026 (Appointed)	\$ 1,926	\$ 24	Assistant Vice President
Kyle English	06/2024 05/2026 (Appointed)	\$ -0-	\$ -0-	Assistant Secretary
Ryan Everett	05/2020 05/2024 (Elected)	\$ 1,776	\$ 102	Former Director

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

Submission date of most recent District Registration Form: June 27, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on February 28, 2007. Fees of Office are the amounts actually paid to a Director during the District’s current year.

See accompanying independent auditor’s report.

**MIRALOMAS MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MARCH 31, 2024**

Consultants:	<u>Date Hired</u>	<u>Fees/ Compensation for the year ended March 31, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	02/28/07	\$ 149,036	General Counsel
McCall Gibson Swedlund Barfoot PLLC	02/15/17	\$ 13,750	Auditor
Municipal Accounts & Consulting, L.P.	03/01/14	\$ 57,257	Bookkeeper
Pape-Dawson Engineers	12/06/21	\$ 20,423	Engineer
Municipal Operations and Consulting, Inc.	07/27/23	\$ 163,899	Operator
The Texas Water Company	11/18/21	\$ 86,815	Previous Operator
Robert W. Baird & Co. Incorporated	11/15/17	\$ -0-	Financial Advisor
Ghia Lewis and Mark Burton	03/01/14	\$ -0-	Investment Officers
Kendall Appraisal District	08/12/08	\$ 4,400	Tax Assessor/ Collector

See accompanying independent auditor's report.

