PRELIMINARY OFFICIAL STATEMENT

Dated November 1, 2024

Ratings:
S&P: "A"
See "OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, as of the date of issuance of the Bonds described herein interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of issuance thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

$35,195,000*
GUADALUPE-BLANCO RIVER AUTHORITY
(a political subdivision of the State of Texas)
REVENUE IMPROVEMENT BONDS, SERIES 2024
(STEIN FALLS WASTEWATER SYSTEM PROJECT)

Dated Date: December 1, 2024; Interest Accrues from Date of Delivery **Due: August 15, as shown on the inside cover**

PAYMENT TERMS . . . Interest on the $35,195,000* Guadalupe-Blanco River Authority Revenue Improvement Bonds, Series 2024 (Stein Falls Wastewater System Project) (the "Bonds") will accrue from the date of their initial delivery, will be payable February 15 and August 15 of each year, commencing August 15, 2025, and will be calculated on the basis of a 360-day year of twelve 30-day months. Guadalupe-Blanco River Authority (the "Authority" or "GBRA"), a political subdivision of the State of Texas, intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue the use of such system. The Bonds will be initially issuable to Cede & Co., the nominee of DTC, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the purchasers thereof**. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein. The initial Paying Agent/Registrar shall be UMB Bank, N.A., Austin, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority (Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended), and a resolution adopted by the Board of Directors of the Authority on September 18, 2024, authorizing the issuance of the Bonds (the "Resolution"). Pursuant to the Resolution, the General Manager/CEO and the Executive Manager of Finance/CFO of the Authority each has been authorized, appointed, and designated as an officer of the Authority authorized to act on behalf of the Authority to effect the sale of the Bonds and to establish the final terms and details related to the issuance and sale of the Bonds.

SECURITY . . . The Bonds, together with any "Additional Obligations" issued in the future, are special obligations of the Authority and are secured by and payable from an irrevocable first lien on and pledge of the "Net Revenues" (as defined in the Bond Resolution), which consist generally of the revenues, income and receipts of any nature derived and received by GBRA from the ownership and operation of GBRA's Stein Falls Wastewater System (the "System"), less "Current Expenses of the System" (as defined in the Bond Resolution) (see "THE BONDS – Security for Bonds" and "INVESTOR CONSIDERATIONS").

PROCEEDS . . . Proceeds from the sale of the Bonds will be used (i) for construction, engineering, architecture, and financing of the expansion and improvement of the System; and (ii) to pay issuance costs on the Bonds.

BOND INSURANCE . . . The Authority has applied for municipal bond insurance on the Bonds and will consider the purchase of such insurance after an analysis of the bids from such companies has been made (see "BOND INSURANCE" and "BOND INSURANCE RISKS" herein).

CUSIP PREFIX:
SEE MATURITY SCHEDULE, 9 DIGIT CUSIP AND REDEMPTION PROVISIONS ON THE INSIDE COVER PAGE

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser of the Bonds (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and of McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas (see "OTHER INFORMATION – Legal Opinions" and APPENDIX C - "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about December 12, 2024.

BIDS DUE TUESDAY, NOVEMBER 12, 2024 AT 1:00 PM, CENTRAL TIME

* Preliminary, subject to change. See "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the NOTICE OF SALE AND BIDDING INSTRUCTIONS related to the Bonds.

CUSIP No. Prefix[1]:

MATURITY SCHEDULE*

Principal Amount	August 15 Maturity	Interest Rate	Initial Yield	CUSIP No. Suffix [1]
$ 775,000	2025			
560,000	2026			
590,000	2027			
615,000	2028			
650,000	2029			
680,000	2030			
715,000	2031			
750,000	2032			
790,000	2033			
830,000	2034			
870,000	2035			
910,000	2036			
960,000	2037			
1,005,000	2038			
1,055,000	2039			
1,110,000	2040			
1,165,000	2041			
1,225,000	2042			
1,285,000	2043			
1,350,000	2044			
1,415,000	2045			
1,475,000	2046			
1,540,000	2047			
1,610,000	2048			
1,680,000	2049			
1,750,000	2050			
1,830,000	2051			
1,915,000	2052			
2,000,000	2053			
2,090,000	2054			

(Interest Accrues from Date of Delivery)

* Preliminary, subject to change. See "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the NOTICE OF SALE AND BIDDING INSTRUCTIONS related to the Bonds.

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OPTIONAL REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption Provisions").

MANDATORY REDEMPTION OF TERM BONDS . . . In the event the Initial Purchaser elects to combine two or more consecutive maturities of the Bonds into term Bonds, such term Bonds will be subject to annual mandatory sinking fund redemption as further described in the final Official Statement.

For purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission, this document constitutes an "Official Statement" of the Authority with respect to the Bonds that has been deemed "final" by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sellor solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation orsale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon.

The information set forth herein has been obtained from the Authority and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not be to construed as the promise or guarantee of the Financial Advisor or the Initial Purchasers. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

The information and expressions of opinion contained herein 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 Authority or other matters described.

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

OFFICIAL STATEMENT SUMMARY

The selected data on these pages is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach these data pages from this Official Statement or to otherwise use them without the entire Official Statement.

THE ISSUER .... The Guadalupe-Blanco River Authority (the "Authority" or "GBRA") is a governmental agency, a political subdivision, and a body politic and corporate of the State of Texas, duly created under the Constitution of the State of Texas by the Legislature of the State of Texas. The Authority was established to develop, conserve and protect the water resources within its service area (i.e., Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio Counties, Texas), to aid in the prevention of damage to persons or property by the Guadalupe and Blanco Rivers and their tributaries, to maintain a water quality program to protect such rivers from serious degradation, to aid in the prevention of flooding within its service areas, to develop and generate water power and electric energy within the boundaries of the Authority, and to distribute and sell water power and electric energy within or without the boundaries of the Authority. To provide these services, contracts are entered into with entities to which the Authority provides services. The Authority has no taxing power.

THE BONDS .... The Bonds are being issued as $35,195,000* Guadalupe-Blanco River Authority Revenue Improvement Bonds, Series 2024 (Stein Falls Wastewater System Project) (the "Bonds"). The Bonds are issued as serial bonds maturing August 15 in the years 2025 through and including 2054, unless the Initial Purchaser of the Bonds elects to combine two or more consecutive maturities to form term Bonds, which would be subject to annual mandatory sinking fund redemptions (see "THE BONDS – Description of the Bonds").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority (Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended), and a resolution adopted by the Board of Directors of the Authority on September 18, 2024 (the "Resolution"). Pursuant to the Resolution, the General Manager/CEO and the Executive Manager of Finance/CFO of the Authority each has been authorized, appointed, and designated as an officer of the Authority authorized to act on behalf of the Authority to effect the sale of the Bonds and to establish the final terms and details related to the issuance and sale of the Bonds.

SECURITY FOR THE BONDS .... The Bonds, together with any "Additional Obligations" issued in the future, are special obligations of the Authority and are secured by and payable from an irrevocable first lien on and pledge of the "Net Revenues" (as defined in the Bond Resolution), which consist generally of the revenues, income and receipts of any nature derived and received by GBRA from the ownership and operation of GBRA's Stein Falls Wastewater System (the "System"), less "Current Expenses of the System" (as defined in the Bond Resolution) (see "THE BONDS – Security for Bonds" and "INVESTOR CONSIDERATIONS").

OPTIONAL REDEMPTION .... The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2033, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption Provisions").

MANDATORY REDEMPTION OF TERM BONDS .... In the event the Initial Purchaser elects to combine two or more consecutive maturities of the Bonds into term Bonds, such term Bonds will be subject to annual mandatory sinking fund redemption as further described in the final Official Statement.

TAX EXEMPTION .... In the opinion of Bond Counsel, as of the date of issuance of the Bonds described herein interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date of issuance thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

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*Preliminary, subject to change.

USE OF BOND PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) for construction, engineering, architecture, and financing of the expansion and improvement of the System; and (ii) to pay issuance costs on the Bonds.

RATINGS .... The Bonds are rated "A" by S&P Global Ratings ("S&P") (see "OTHER INFORMATION – Ratings" herein).

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by 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").

PAYMENT RECORD .... The Authority has never defaulted in the payment of its bonded indebtedness.

For additional information regarding the Authority, please contact:

Randy Staats, CPA Executive Manager of Finance/CFO Guadalupe Blanco River Authority 2225 East Common Street New Braunfels, Texas 78130 (830) 379-5822	or	Steven A. Adams, CFA Paul N. Jasin Specialized Public Finance Inc. 4925 Greenville Avenue, Suite 1350 Dallas, Texas 75206 (214) 373-3911

GUADALUPE-BLANCO RIVER AUTHORITY ADMINISTRATION

Board of Directors

Board Members	Title	County Represented
Dennis L. Patillo	Chair	Victoria County
Sheila L. Old	Vice-Chair	Guadalupe County
Steve Ehrig	Secretary/Treasurer	Gonzales County
Robert E. Blaschke	Director	Refugio County
William Carbonara	Director	DeWitt County
James P. Cohoon	Director	Kendall County
John P. Cyrier	Director	Caldwell County
Don Meador	Director	Hays County
Emanuel Valdez	Director	Comal County

Management Staff

Name	Position
Darrell Nichols	General Manager/CEO
Jonathan Stinson	Deputy General Manager
David Harris	Executive Manager of Operations
Charles Hickman, PE	Executive Manager of Engineering
Randy Staats, CPA	Executive Manager of Finance/CFO
Sandra Terry	Deputy Executive Manager of Finance
Vanessa Guerrero	Executive Manager of Administration
Nathan Pence	Executive Manager of Environmental Science
Adeline Fox	Executive Manager of Communications & Outreach
Joe Cole, JD	General Counsel

Consultants and Advisors

Auditors .... ABIP, PC
San Antonio, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Financial Advisor .... Specialized Public Finance Inc.
Dallas, Texas

OFFICIAL STATEMENT

$35,195,000*
GUADALUPE-BLANCO RIVER AUTHORITY
REVENUE IMPROVEMENT BONDS, SERIES 2024
(STEIN FALLS WASTEWATER SYSTEM PROJECT)

INTRODUCTION

GENERAL . . . This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $35,195,000* Guadalupe-Blanco River Authority Revenue Improvement Bonds, Series 2024 (Stein Falls Wastewater System Project) (the "Bonds"). The offering of the Bonds is being made hereby. Potential investors in the Bonds are urged to carefully read this Official Statement for the purpose of assessing an investment in the Bonds (see, particularly, "INVESTOR CONSIDERATIONS" and "APPENDIX A – SELECTED PROVISIONS OF THE RESOLUTION").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Guadalupe-Blanco River Authority (the "Authority" or "GBRA"), GBRA's Stein Falls Wastewater System (the "System") and the finances of the System. Selected portions of the Authority's Annual Comprehensive Financial Report for the fiscal year ended August 31, 2023 are attached as APPENDIX B hereto for informational purposes only, except for information related to the System in Note O of such financial report. No revenues of the Authority, other than the Net Revenues of the System as further described in this Official Statement, are pledged to secure the Bonds. All capitalized terms which are not otherwise defined herein shall have the same meaning as set forth in the resolution approved by the Board of Directors of the Authority on September 18, 2024, which authorized the issuance of the Bonds (the "Resolution"), excerpts of which are set forth in "APPENDIX A - SELECTED PROVISIONS OF THE RESOLUTION." 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 the Authority.

This Official Statement speaks only as to its date and the information contained herein is subject to change. Copies of this Official Statement will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the Authority's undertaking to provide certain information on a continuing basis.

THE BONDS

PROCEEDS . . . Proceeds from the sale of the Bonds will be used (i) for construction, engineering, architecture, and financing of the expansion and improvement of the System; and (ii) to pay issuance costs on the Bonds.

DESCRIPTION OF THE BONDS . . . The Bonds will be dated December 1, 2024. The Bonds are stated to mature on August 15 in the years and in the principal amounts set forth on the inside cover page hereof. The Bonds shall bear interest from the date of their initial delivery on the unpaid principal amounts, and the amount of interest to be paid each payment period shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on February 15 and August 15 of each year, commencing August 15, 2025, until stated maturity or prior redemption. Principal and interest will be paid by UMB Bank, N.A., Austin, Texas (the "Paying Agent/Registrar"). Subject to the requirements associated with the use of the Book-Entry-Only System (see "THE BONDS – Book-Entry-Only System" herein), interest will be paid by check dated as of the interest payment date and mailed first class, postage paid, on each interest payment date by the Paying Agent/Registrar to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (herein defined), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, a registered owner. Principal will be paid to the registered owners at maturity or redemption upon presentation and surrender of the Bonds to the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorize to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The Authority will initially use the Book-Entry Only System of The Depository Trust Company ("DTC"), New York, New York, in regard to the issuance, payment and transfer of the Bonds. Such system will affect the timing and method of payment of the Bonds (see "THE BONDS – Book-Entry-Only System" herein).

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas, including the legislation creating and defining the powers of the Authority (Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended), and the Resolution. Pursuant to the Resolution, the General Manager/CEO and the Executive Manager of Finance/CFO of the Authority each has been authorized, appointed, and designated as an officer of the Authority authorized to act on behalf of the Authority to effect the sale of the Bonds and to establish the final terms and details related to the issuance and sale of the Bonds.

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* Preliminary, subject to change.

Security for Bonds . . . The Bonds, together with any "Additional Obligations" (defined below) issued in the future (collectively defined in the Resolution and referred to herein as "Parity Obligations"), are special obligations of the Authority and are secured by and payable from an irrevocable first lien on and pledge of the "Net Revenues" (as defined in the Resolution), which consist generally of the revenues, income and receipts of any nature derived and received by GBRA from the ownership and operation of the System, less "Current Expenses of the System" (as defined in the Resolution). See "INVESTOR CONSIDERATIONS."

Perfection of Security Interest . . . Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Pledged Revenues thereto, and such pledge is, therefore, valid, effective and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Pledged Revenues is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the Authority has covenanted to take such measures as it determines are reasonable and necessary to enable a filing of a security interest in said pledge to occur.

Rate Covenant . . . In the Resolution, the Authority has covenanted that it will at all times fix, revise, maintain, charge, and collect for services rendered by the System, rates and charges which will produce Net Revenues that will (i) equal at least *110%* of the annual Principal and Interest Requirements on the Parity Obligations Outstanding during each Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Reserve Fund to the amounts and in the manner required by the respective resolutions authorizing the issuance of the Outstanding Parity Obligations, and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any.

If the System should become legally liable for any other obligations or indebtedness, GBRA shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

Additional Obligations . . . GBRA reserves the right to issue or enter into additional parity revenue bonds, notes or other debt obligations for any purpose related to the System, to be known as "Additional Obligations," which, when issued and delivered or entered into, shall be payable from and secured by a first lien on and pledge of the Net Revenues, in the same manner and to the same extent as the then Outstanding Parity Obligations, and such Additional Obligations together with the then Outstanding Parity Obligations shall in all respects be on a parity and of equal dignity. The Additional Obligations may be issued or entered into in one or more series or form, provided, however, that no series or form of Additional Obligations shall be issued or entered into unless:

(a) The chief financial officer of GBRA signs a certificate to the effect that, except for the issuance of refunding bonds to cure a default, no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all then Outstanding Parity Obligations and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) The chief financial officer of GBRA signs a certificate to the effect that, during either the next preceding Fiscal Year, or any twelve (12) consecutive calendar month period ending not more than ninety (90) days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Obligations, the Net Revenues were at least equal to an aggregate of (i) 110% of the average annual principal and interest requirements of all then Outstanding Parity Obligations after giving effect to the Additional Obligations proposed for issuance, plus (ii) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any. However in the event (A) the certificate of the chief financial officer states that the Net Revenues for the period covered thereby were less than required above, and (B) a change in the rates and charges of the System went into effect after the first day, but prior to the last day, of the period covered by the certificate of the chief financial officer, and (C) the chief financial officer will additionally certify that, had such change in rates and charges been effective for the entire period covered by the certificate of the chief financial officer, the Net Revenues covered by the certificate of the chief financial officer would have been, in his or her opinion, at least equal to an aggregate of (1) 110% of the average annual Principal and Interest Requirements (calculated on a Fiscal Year basis) of the Outstanding Parity Obligations, after giving effect to the Additional Obligations proposed to be issued, plus (2) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any, then in such event the coverage specified in the first sentence of this paragraph (b) shall not be required for the period specified, and such certificate of the chief financial officer will be sufficient if accompanied by such additional certificate of the chief financial officer to the above effect;

(c) The Additional Obligations are scheduled to mature only on February 15 and/or August 15, and the interest thereon is scheduled to be paid only on February 15 and August 15; and

(d) All calculations of average annual Principal and Interest Requirements made pursuant to this Section are to be made as of and from the date of the Additional Obligations then proposed to be issued.

Revenue Fund . . . All Gross Revenues of the System shall be deposited as collected into the Guadalupe-Blanco River Authority – Stein Falls Wastewater System Revenue Fund (the "Revenue Fund"). The Current Expenses of the System shall be paid from the Revenue Fund or from any other funds of GBRA lawfully available therefor. The Gross Revenues of the System not actually used to pay Current Expenses of the System shall be deposited from the Revenue Fund into the other Funds created by the Resolution, in the manner and amounts and at the times therein provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following two sections (Interest and Sinking Fund and Reserve Fund).

INTEREST AND SINKING FUND . . . Immediately after the delivery of any series of Parity Obligations, all moneys representing accrued interest, if any, received by the Authority upon the sale and delivery of such Parity Obligations to the initial purchaser thereof, together with all capitalized interest being financed with proceeds of such Parity Obligations, if any, shall be deposited to the credit of the Guadalupe-Blanco River Authority – Stein Falls Wastewater System Revenue Bonds Interest and Sinking Fund (the "Interest and Sinking Fund"). In addition, there shall be transferred from the Revenue Fund and deposited into the Interest and Sinking Fund the following:

(a) on or before the 25th day of each month, commencing with the month immediately following the issuance of any series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the interest scheduled to come due on all Outstanding Parity Obligations on the next interest payment date.

(b) on or before the 25th day of each month, commencing with the twelfth (12th) month preceding the first principal payment date for a series of Parity Obligations, or commencing with the month immediately following the issuance of any series of Parity Obligations if delivery of such series of Parity Obligations is made less than twelve months preceding the first principal payment date for such series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the principal scheduled to come due (either at stated maturity or due to mandatory sinking fund redemption) on all Outstanding Parity Obligations on the next principal payment date.

(c) on or before any optional redemption date set by GBRA for any Parity Obligations, there shall be deposited into the Interest and Sinking Fund an amount as will be sufficient to pay the principal of, premium, if any, and interest on the Parity Obligations scheduled to be redeemed on such optional redemption date.

The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Obligations when due, and the Chief Financial Officer of the Authority has been authorized to cause funds to be transferred from the Interest and Sinking Fund to the paying agent/registrars at the times and in the amounts to pay Principal and Interest Requirements on Parity Obligations.

RESERVE FUND . . . The Resolution establishes a debt service reserve fund (the "Reserve Fund") for the benefit only of the registered owners of a particular series of Parity Obligations for which an account is created in the resolution authorizing such series of Parity Obligations. Funds on deposit in an account of the Reserve Fund established for the benefit of a particular series of Parity Obligations shall be used to (i) pay the principal of and interest on such series of Parity Obligations for which such account was created at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, (ii) pay the principal of or interest on the last maturing Parity Obligations of such series, or (iii) pay Reimbursement Obligations to restore the amount available to be drawn under a Reserve Fund Credit Facility to its original amount. If the amount on deposit in an account of the Reserve Fund for a particular series of Parity Obligations consists of cash and investments and a Reserve Fund Credit Facility, all cash and investments in such account shall be liquidated and withdrawn prior to drawing on the Reserve Fund Credit Facility. If more than one Reserve Fund Credit Facility is maintained in an account of the Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata. In the event the Authority establishes an account in the Reserve Fund for the benefit of the holders of a particular series of Parity Obligations, all provisions with respect to the funding requirements and other details will be set forth in the resolution authorizing such series of Parity Obligations. For more information regarding the Reserve Fund, see Sections 9(b) and 12 of the Resolution, excerpts of which are attached hereto as APPENDIX B.

No account is being established in the Reserve Fund for the benefit of the holders of the Bonds; consequently, no proceeds of the Bonds will be deposited into the Reserve Fund, no Authority funds will be deposited into the Reserve Fund for the benefit of the holders of the Bonds (unless otherwise provided by the Authority in a subsequent resolution), and the holders of the Bonds will not be entitled to any funds which may be on deposit in the Reserve Fund (unless otherwise provided by the Authority in a subsequent resolution).

OPTIONAL REDEMPTION . . . The Authority reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY REDEMPTION OF TERM BONDS . . . In the event the Initial Purchaser elects to combine two or more consecutive maturities of the Bonds into term Bonds, such term Bonds will be subject to annual mandatory sinking fund redemption as further described in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the Authority shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar on the date of mailing such notice. The notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that GBRA retains the right to rescind such notice at any time prior to the scheduled redemption date if GBRA delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS OR ANY PORTION THEREOF CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DEFEASANCE . . . The Resolution provides for the defeasance of the Bonds when the payment of the principal of and premium, if (a) any Bond and the interest thereon shall be deemed to be paid, retired and no longer Outstanding (a "Defeased Bond") within the meaning of the Resolution, except to the extent provided in second to the last paragraph of this subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by GBRA with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, revenues herein levied and pledged as provided in the Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

Any moneys so deposited with the Paying Agent/Registrar may at the written direction of GBRA be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to GBRA, or deposited as directed in writing by GBRA. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in clauses (i) or (ii) of the foregoing paragraph. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to GBRA or deposited as directed in writing by GBRA.

The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) 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 on the date the governing body of GBRA adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds.

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

In the event that GBRA elects to defease less than all of the principal amount of the Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of the Bonds by such random method as it deems fair and appropriate.

BOOK-ENTRY-ONLY SYSTEM . . . DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. The Authority, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The Authority and the Initial Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (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 United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of 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 an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. Please note that the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar. Payments of principal and interest to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Direct and IndirectParticipants.

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

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

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is UMB Bank, N.A., Austin, Texas. In the Resolution, the Authority retains the right to replace the Paying Agent/Registrar. The Authority covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are outstanding and any successor Paying Agent/Registrar shall be a qualified bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the Authority agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

LIMITATION ON TRANSFER OF BONDS . . . Neither the Authority nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond (i) during the period commencing at the close of business on the Record Date and ending at the opening of business on the next principal or interest payment date or (ii) called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for determining the party to whom the interest on any bond is payable on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (a "Special Payment Date"), which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Resolution establishes specific events of default with respect to the Bonds. If the Authority defaults in the payment of the principal of or interest on the Bonds when due, defaults in the deposits and credits required to be made to the Interest and Sinking Fund or the Reserve Fund, or defaults in the observance or performance of any of the covenants, conditions, or obligations in the Resolution, and the continuation thereof for a period of 30 days after notice of such default is given to the Authority, the Resolution provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Authority to observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Resolution and the Authority's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent theinterest of the registered owners upon any failure of the Authority to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the Authority's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the Authority for breach of the Bonds or covenants in the Resolution. Even if a judgment against the Authority could be obtained, it could not be enforced by direct levy and execution against the Authority's property. Further, the registered owners cannot themselves foreclose on property within the Authority or sell property within the Authority to enforce the lien on Net Revenues to pay the principal of and interest on the Bonds. Furthermore, the Authority is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Pledged Revenues, such provision is subject to judicial discretion. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the Authority avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

SOURCES AND USES OF FUNDS. . . The proceeds from the sale of the Bonds will be used approximately as follows:

SOURCES OF FUNDS:		
Par Amount of Bonds	$	-
Net Reoffering Premium		-
Total Sources of Funds	$	-
USES OF FUNDS:		
Deposit to Project Construction Fund	$	-
Costs of Issuance/Rounding Amount		-
Total Uses of Funds	$	-

BOND INSURANCE

GBRA has submitted applications to municipal bond insurance companies (an "Insurer") to have the payment of the principal of and interest on the Bonds insured by a municipal bond insurance policy (a "Policy"). In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the insurance premium will be paid by the Initial Purchaser. The final Official Statement shall disclose, to the extent necessary, any relevant information relating to any such municipal bond insurance policy.

BOND INSURANCE RISKS

If a Policy is purchased, the following are risk factors relating to bond insurance.

GENERAL . . . In the event of default of the scheduled payment of principal of or interest on the Bonds when all or a portion thereof becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the Authority which is recovered by the Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy; however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Authority (unless the Insurer chooses to pay such amounts at an earlier date).

Payment of principal of and interest on the Bonds will not be subject to acceleration, but other legal remedies upon the occurrence of non-payment do exist (see "THE BONDS - Bondholders' Remedies"). The Insurer may reserve the right to direct the pursuit of available remedies, and, in addition, may reserve the right to consent to any remedies available to and requested by the Bondholders.

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

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

The obligations of the Insurer under a Policy are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law. None of the Authority, the Financial Advisor or the Underwriters have made independent investigation into the claims-paying ability of any potential Insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential Insurer is given.

CLAIMS-PAYING ABILITY AND FINANCIAL STRENGTH OF MUNICIPAL BOND INSURERS . . . Moody's Investor Services, Inc., S&P, and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

INVESTOR CONSIDERATIONS

General

The Bonds will be secured solely by the Net Revenues of the System and not from any other revenues of the Authority; therefore, the security for payment of the principal of and interest on the Bonds depends upon the ability of the Authority to collect sufficient revenues derived by the Authority from the operation of the System. The potential increase in connections to the System 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. The Authority's Board of Directors has sole authority in setting rates to meet both operational and debt service obligations (see "DESCRIPTION OF THE STEIN FALLS WASTEWATER TREATMENT SYSTEM" below).

Factors Affecting New Connections to the System

Economic Factors: The increase of customer connections to the System is directly related to the vitality of the single and multi-family residential housing industry and can be significantly affected by factors such as interest rates, construction costs, and consumer demand, which are impacted, in part, on general economic conditions affecting the demand for residences. Demand for lots and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Further volatility in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the value of existing homes and occupancy of apartments. Although development in the Stein Falls service area has occurred (as briefly described in this Official Statement under the caption "DESCRIPTION OF THE STEIN FALLS WASTEWATER TREATMENT PLANT & COLLECTION SYSTEM" below), the Authority cannot predict the pace or magnitude of any future development or home construction or construction of other improvements, including apartments, in the service area of the System other than that which has occurred to date. Further, the Authority cannot predict the level of occupancy of homes or apartments within the Authority.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the service area of the System and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the Authority is unable to assess the future availability of such funds for continued development and/or home construction within the service area of the System. In addition, since the service area of the System is located approximately 15 miles south of the central downtown business district of the City of Austin, the success of the Stein Falls development and growth of connections in the service area of the System are, to a great extent, a function of the Austin metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Austin and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the Stein Falls development and restrain the growth of connections with the service area of the System.

Competitive Nature of Residential Market: The residential housing industry in and around the City of Austin is very competitive, and the Authority can give no assurance that the anticipated construction of new residences in the service area of the System will actually occur. The competitive position of developers and homebuilders is affected by most of the factors discussed in this section, and such competitive positions are directly related to the potential growth of connections to the System and the receipt of increased monthly revenues for wastewater services provided by the System.

Environmental Regulations

Wastewater treatment within the service area of the System is 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 the Authority 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 wastewater treatment facilities. Environmental laws can also inhibit growth and development within the service area of the System. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the operation and maintenance expenses of the System.

GENERAL DESCRIPTION OF GUADALUPE-BLANCO RIVER AUTHORITY

GENERAL

The Authority is a conservation and reclamation district, a body politic and corporate and a political subdivision of the State of Texas, created in 1935 and existing under the Texas Constitution and laws of the State of Texas including, particularly, Article XVI, Section 59, of the Texas Constitution and Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended. The Authority is governed by a board of nine Directors appointed by the Governor of the State of Texas and confirmed by the State Senate. Each Director serves a six-year term, with three Directors appointed or reappointed every two years. The present Directors, titles, counties represented, and terms of office are shown on page 6 hereof.

The Authority was established to develop, conserve, and protect the water resources within its ten-county statutory district which begins near the headwaters of the Guadalupe and Blanco Rivers, and ends at San Antonio Bay, and includes Kendall, Comal, Hays, Caldwell, Guadalupe, Gonzales, DeWitt, Victoria, Calhoun and Refugio Counties, Texas. GBRA is permitted by the Texas Commission on Environmental Quality to 90,000 acre-feet of water per year (AF/YR) from Canyon Reservoir to provide water supplies to communities throughout the Guadalupe River basin for municipal, industrial, and agricultural needs. GBRA has entered into contracts with entities for these services. In other operations, GBRA provides treated water distribution, water and wastewater services, hydroelectric generation, laboratory analyses, and recreational activities.

The Authority does not have the power of taxation and relies upon user fees and contractual commitments to provide these services.

Management and administrative functions of the Authority are directed by the General Manager/CEO under policies established by the Directors. The names and titles of the management and staff of the Authority are listed on page 6 hereof.

To meet its responsibilities, the Authority has grown over the past 91 years from one to nine divisions including the General Division, Guadalupe Valley Hydroelectric Division, Rural Utilities Division, Water Resources Division, Calhoun County Rural Water Supply Division, Coleto Creek Division, Luling Water Treatment Plant Division, Canyon Hydroelectric Division, and Lockhart Water Treatment and Waste Disposal Division.

Additional information regarding the Authority may be obtained from its website at www.gbra.org. Please note that the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

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DESCRIPTION OF THE STEIN FALLS WASTEWATER SYSTEM

The Stein Falls Wastewater System began operation in 1973 to serve what was once a rural area between the cities of New Braunfels and Seguin in Guadalupe County, Texas.

The System is a retail wastewater division of GBRA, in which a Certificate of Convenience and Necessity ("CCN") is held. Retail rates for the System are adopted annually by GBRA's Board of Directors to cover routine operations and maintenance as well as manage the growth in connections and increased effluent delivered to the System's waste treatment plant.

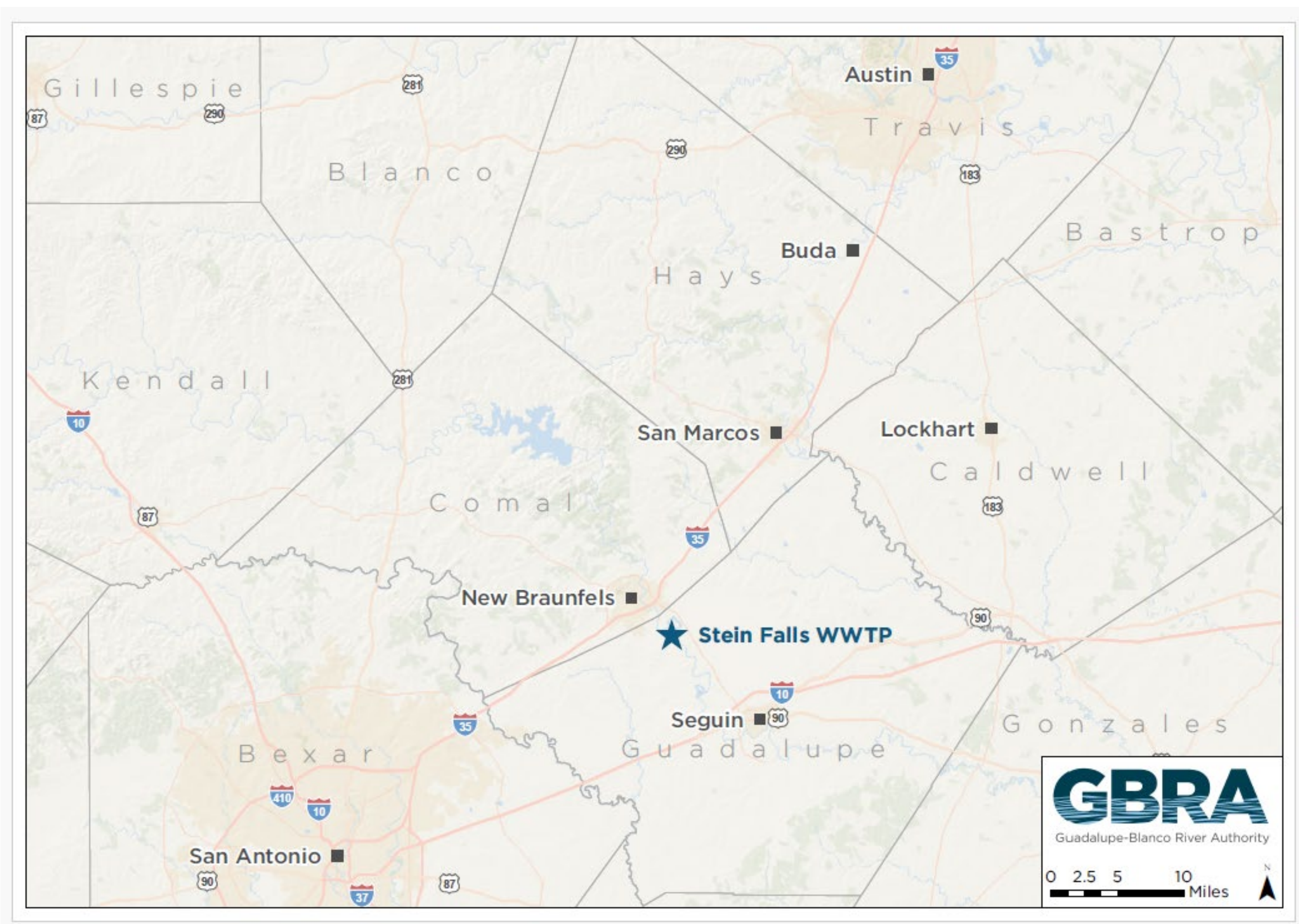
Retail water service within the service area of the System is provided by the Green Valley Special Utility District ("GVSUD"). Customers of the System not receiving water from GVSUD have private well water. GVSUD provides billing services for the System as part of GVSUD's billing for water service.

The geographic location of the Stein Falls service area, which covers approximately 19 square miles, is within the San Antonio-New Braunfels Metropolitan Statistical Area ("MSA"), and has resulted in tremendous growth over the last several years creating the need for expansion of infrastructure. The System, which has the capacity to treat 0.95 million gallons per day ("MGD"), currently serves over 3,700 retail customers.

Current projections of GBRA indicate that a minimum of 2,000 new customers will come on line with the System in the next five years.

To prepare for this ongoing growth, the collection system was expanded in 2021. Proceeds from the sale of the Bonds will be used for the construction and equipping of a plant expansion that will double the plant's treatment capacity to 1.9 MGD. The construction project is expected to be completed in 2027.

STEIN FALLS WASTEWATER TREATMENT PLANT LOCATION



STEIN FALLS WASTEWATER SYSTEM SERVICE AREA

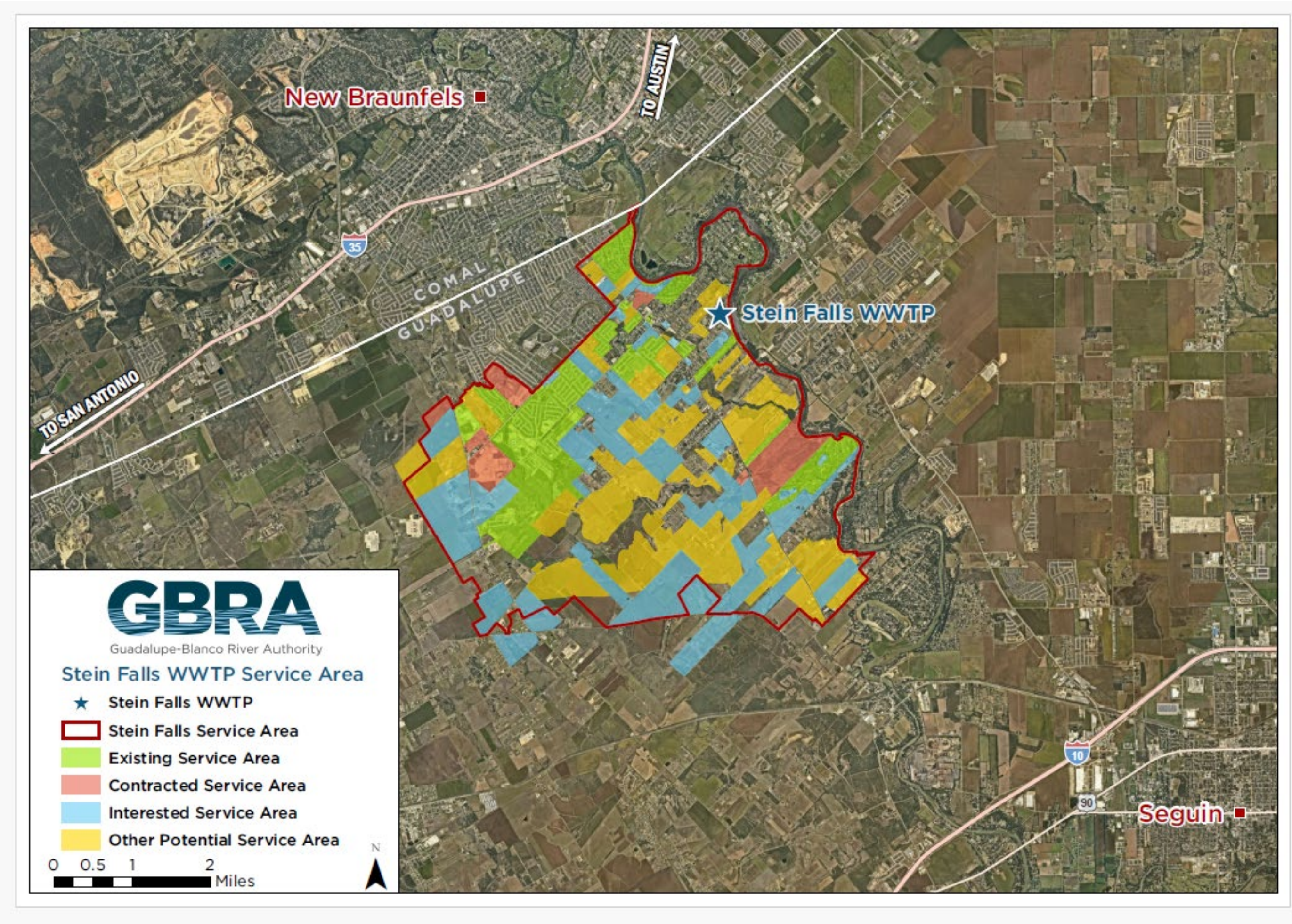


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TABLE 1 - WASTEWATER TREATMENT PLANT USAGE

Fiscal Year Ended 8/31	Monthy Usage - Average Millions of Gallons Per Day												
	September	October	November	December	January	February	March	April	May	June	July	August	Average
2020	0.278	0.301	0.308	0.302	0.322	0.319	0.363	0.368	0.413	0.361	0.329	0.331	0.333
2021	0.406	0.334	0.352	0.368	0.390	0.452	0.353	0.381	0.577	0.509	0.556	0.457	0.428
2022	0.436	0.574	0.451	0.411	0.416	0.472	0.417	0.466	0.442	0.418	0.419	0.447	0.447
2023	0.455	0.449	0.548	0.523	0.478	0.544	0.508	0.595	0.695	0.531	0.468	0.479	0.523
2024	0.463	0.585	0.733	0.666	0.907	0.619	0.580	0.599	0.599	0.691	0.692	0.576	0.643

TABLE 2 – WASTEWATER RATES OF THE SYSTEM (EFFECTIVE SEPTEMBER 1, 2024)

Connection Fee: Treatment Plant and Collection System	$ 6,800.00	per connection
Wastewater Service Fee:		
Residential Connection		
Monthly Minimum	$ 59.00	LUE (living unit equivalent)
Usage Charge - based on winter months average December - February, maximum 10,000 gallons	$ 2.92	1,000 gallons
Non-Residential Connection		
Monthly Minimum	$ 59.00	LUE
Usage Charge	$ 2.92	1,000 gallons

TABLE 3 – TOP TEN WASTEWATER CUSTOMERS OF THE SYSTEM(1)

Customer	Wastewater Revenue	% of Total Wastewater Revenue
Zipp Road Utility	$ 238,314	8.13%
New Braunfels ISD	49,150	1.68%
Southern Central Holdings, LLC	36,680	1.25%
Select Stop	3,408	0.12%
Midtex Oil Inc	1,704	0.06%
Greater Life UPC	846	0.03%
JFMT Properties LLC co Margaret Baldw	846	0.03%
Storemore Warehouses LLC	846	0.03%
River City Smoked Meat Co	846	0.03%
Dollar General	846	0.03%
	$ 333,486	11.38%

(1) Percentages of the System's Top Ten Wastewater Customers calculated based on unaudited Fiscal Year 2024 Retail Wastewater Services Revenues of $2,929,874 (does not include connection fee revenue).

TABLE 4 – STATEMENT OF OPERATIONS OF THE SYSTEM

	Fiscal Year End August 31,				
	Unaudited 2024	2023	2022	2021	2020
Operating Revenue	$ 8,054,974	$ 5,379,694	$ 3,322,308	$ 4,269,638	$ 2,776,955
Operating Expenses	(2,091,998)	(1,925,430)	(1,673,330)	(1,541,077)	(1,712,288)
Depreciation and Amortization Expenses	(276,186)	(286,851)	(193,023)	(277,023)	(276,025)
Operating Income	$ 5,686,790	$ 3,167,413	$ 1,455,955	$ 2,451,538	$ 788,642
Non-Operating Revenue (Expenses)	$ (411,391)	$ (620,744)	$ (1,035,095)	$ (57,172)	$ (60,332)
Change in Net Position	$ 5,275,399	$ 2,546,669	$ 420,860	$ 2,394,366	$ 728,310

TABLE 5 – STATEMENT OF NET POSITION OF THE SYSTEM(1)

	August 31, 2024 Unaudited
Assets	
Current Assets	$ 11,696,510
Long-Term Assets	26,872,845
TOTAL ASSETS	$ 38,569,355
Liabilities and Net Position	
Current Liabilities	$ 986,295
Long-Term Liabilities	22,975,821
Total Liabilities	$ 23,962,116
Net Position	14,607,239
TOTAL LIABILITIES AND NET POSITION	$ 38,569,355

(1) Fiscal Year 2024 ending cash balance of $9,443,039.

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DEBT INFORMATION

TABLE 6 – PRO-FORMA DEBT SERVICE REQUIREMENTS

Fiscal Ending	The Bonds (1)		
8/31	Principal	Interest	Total
2025	$ 775,000	$ 1,121,610	$ 1,896,610
2026	560,000	1,622,895	2,182,895
2027	590,000	1,594,895	2,184,895
2028	615,000	1,565,395	2,180,395
2029	650,000	1,534,645	2,184,645
2030	680,000	1,502,145	2,182,145
2031	715,000	1,468,145	2,183,145
2032	750,000	1,432,395	2,182,395
2033	790,000	1,394,895	2,184,895
2034	830,000	1,355,395	2,185,395
2035	870,000	1,313,895	2,183,895
2036	910,000	1,270,395	2,180,395
2037	960,000	1,224,895	2,184,895
2038	1,005,000	1,176,895	2,181,895
2039	1,055,000	1,126,645	2,181,645
2040	1,110,000	1,073,895	2,183,895
2041	1,165,000	1,018,395	2,183,395
2042	1,225,000	960,145	2,185,145
2043	1,285,000	898,895	2,183,895
2044	1,350,000	834,645	2,184,645
2045	1,415,000	767,145	2,182,145
2046	1,475,000	705,593	2,180,593
2047	1,540,000	641,430	2,181,430
2048	1,610,000	574,440	2,184,440
2049	1,680,000	504,405	2,184,405
2050	1,750,000	431,325	2,181,325
2051	1,830,000	352,575	2,182,575
2052	1,915,000	270,225	2,185,225
2053	2,000,000	184,050	2,184,050
2054	2,090,000	94,050	2,184,050
	$ 35,195,000	$ 30,016,353	$ 65,211,353

(1) Interest on the Bonds at an assumed average rate per annum of 4.62% has been calculated as of the posted date of the Preliminary Official Statement for purposes of illustration. Preliminary, subject to change.

TABLE 7 – FUND BALANCES AND COVERAGES (1)

Average Annual Principal and Interest Requirements, 2025-2054	$2,173,712
Estimated Coverage of Average Requirements by 2024 Net Income	2.43 x
Maximum Annual Principal and Interest Requirements, 2034	$2,185,395
Estimated Coverage of Maximum Requirements by 2024 Net Income	2.41 x

(1) Projected. Includes the Bonds. Preliminary, subject to change. Assumes Unaudited Fiscal Year 2024 Net Revenue of $5,275,399.

FINANCIAL FORECAST

Customer growth in the System has grown annually during the four most recent Fiscal Years (see Table 4), which is triggering the need to expand the System. GBRA expects customer growth in the System will continue at least during the next five fiscal years but at a lower annual rate.

Below is a table containing projected revenues and expenses of the System for the next five Fiscal Years (i.e., FYs 2024 – 2028) based primarily upon projected growth in residential connections to the System and projected increases in wastewater rates and charges. GBRA believes the projections shown below are reasonable; however, such projections are subject to certain assumptions, contingencies, and uncertainties that are beyond the reasonable control of GBRA (other than the authority of its Board of Directors to set rates and charges relating to the System – see "THE BONDS - Rate Covenant"). _Actual results may differ materially. No assurances can be given that the future results indicated, whether expressed or implied, will be achieved_. (Also see "INVESTOR CONSIDERATIONS.")

TABLE 8 – PROJECTED REVENUES, EXPENSES, AND DEBT SERVICE COVERAGE

Year Ending August 31	Preliminary 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29
Total Sewer Customers [1]	**3,740**	**4,110**	**4,506**	**4,919**	**5,330**	**5,747**
% of Annual Growth		**10%**	**10%**	**9%**	**8%**	**8%**
Revenues [1]						
Retail Wastewater Services Revenue	$ 2,929,874	$ 3,573,565	$ 3,792,610	$ 4,020,943	$ 4,248,059	$ 4,478,327
Connection Fee Revenue	5,125,100	2,153,900	2,294,592	2,437,120	2,423,248	2,419,440
Total Revenues	**$8,054,974**	**$ 5,727,465**	**$ 6,087,202**	**$ 6,458,063**	**$ 6,671,307**	**$ 6,897,767**
% of Annual Growth			**6%**	**6%**	**3%**	**3%**
Expenses [1]						
Operating & Maintenance (O&M) Expenses	$ 2,091,998	$ 2,163,868	$ 2,183,094	$ 2,266,486	$ 2,336,749	$ 2,435,718
Total Expenses [2]	**$2,091,998**	**$ 2,163,868**	**$ 2,183,094**	**$ 2,266,486**	**$ 2,336,749**	**$ 2,435,718**
Net Available for Debt Service	**$5,962,976**	**$ 3,563,597**	**$ 3,904,108**	**$ 4,191,577**	**$ 4,334,558**	**$ 4,462,049**
Est. Series 2024 Principal - GBRA Stein Falls System Bonds	$ -	$ 775,000	$ 560,000	$ 590,000	$ 615,000	$ 650,000
Est. Series 2024 Interest - GBRA Stein Falls System Bonds	-	1,121,610	1,622,895	1,594,895	1,565,395	1,534,645
Total Net Debt Service Payments [3]	**$ -**	**$ 1,896,610**	**$ 2,182,895**	**$ 2,184,895**	**$ 2,180,395**	**$ 2,184,645**
Debt Service Coverage (Annual Debt Service)	**N/A**	**1.88 x**	**1.79 x**	**1.92 x**	**1.99 x**	**2.04 x**
Maximum Annual Debt Service	$ -	$ 2,185,395	$ 2,185,395	$ 2,185,395	$ 2,185,395	$ 2,185,395
Debt Service Coverage (MADS) [4]		**1.63 x**	**1.79 x**	**1.92 x**	**1.98 x**	**2.04 x**
Days Cash on Hand Calculations						
Beginning Cash (System)		$ 9,443,039	$ 9,799,026	$ 10,207,439	$ 10,905,321	$ 11,750,284
Operating Surplus		$ 355,987	$ 408,413	$ 697,882	$ 844,963	$ 968,604
Ending Cash [5]	$ 9,443,039	$ 9,799,026	$ 10,207,439	$ 10,905,321	$ 11,750,284	$ 12,718,889
Days Cash on Hand	**1,648**	**1,653**	**1,707**	**1,756**	**1,835**	**1,906**

<u>Revenue Assumptions:</u>
New customer growth based on contracts in place, discussions with developers/builders.
<u>Expense Assumptions:</u>
Personnel costs are adjusted by 3% annually through FY 2029. Other Operating and Maintenance expenses are adjusted for continued growth in servicing growing customer base as well as inflationary costs.

(1) Actual billed customers and projected new customers.
(2) Depreciation excluded from expenses.
(3) Debt service payments for Series 2024 are preliminary, subject to change.
(4) MADS is calculated using semi-annual fiscal year payments on the proposed Bonds.
(5) Ending Cash & Investments as of August 31, 2024.

The Resolution provides that Net Revenues, in excess of those necessary to establish and maintain the Funds as required in the Resolution, or as may be required in connection with the issuance of Additional Obligations, may be used for any lawful purpose. A current policy of GBRA allocates annually approximately $1.46 million to the payment of the debt service of GBRA's General Improvement Revenue Bonds Series 2021 and certain interfund transfers of GBRA from such excess Net Revenues to the extent such revenues are available. Such policy is subject to periodic review/revision and is not incorporated into the Resolution and does not represent a legally enforceable agreement or covenant for the benefit of any third party. GBRA may amend or modify such policy in its sole discretion from time to time without notice to any party.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of GBRA's more significant accounting policies is presented to assist the reader in interpreting the combined financial statements. These policies, as presented, should be viewed as an integral part of the accompanying combined financial statements.

Reporting Entity. GBRA is a political subdivision of the State of Texas, created by the Texas Legislature in 1933 by Chapter 75, Acts of the 43rd Legislature, First Called Session, 1933, as amended. GBRA is a separate self-supporting governmental unit serving a ten county area and is administered by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have a financial accountability with GBRA; therefore, GBRA is not a part of the State's reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.

Principles of Accounting. GBRA's combined financial statements are prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 20, 1989. However, from that date forward, proprietary funds have the option of not applying future FASB pronouncements. GBRA has chosen to apply future FASB pronouncements unless they conflict with GASB guidance.

Fund Reporting. GBRA's accounting system is one enterprise fund consisting of ten divisions. These divisions account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.

Budgets and Budgetary Accounting. GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budget expenses are not included within the combined financial statements.

Accounts Receivable. GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.

Restricted Assets. Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported as separate line items in the asset section of the balance sheet. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures. It is GBRA's policy to first apply restricted resources when an expense is incurred for which both unrestricted and restricted assets are available.

Capital Assets. Land is not depreciated since it is considered to have an indefinite useful life. Land rights, storage rights and water rights were primarily acquired prior to November 1, 1970. Since these assets have no evident limited life, no amortization is recognized. Property, plant and equipment are recorded at their historical cost except for contributed assets which are recorded at their fair market value at the time donated. GBRA Board Policy, 411-Capital Assets, provides guidelines for safeguarding and disposing of GBRA's capital assets. This policy identifies capital assets as all equipment and machinery with a useful life exceeding one year and with an original cost exceeding $5,000.

Other Assets. Included within other assets are contract development costs, debt issuance costs, permits and licenses and project development costs. With the exception of project development costs, these assets are amortized on a straight-line basis over the life of the related contract, bond issue, or license. Project development costs represent the capitalization of expenditures during the initial stage of a new project. These costs are accumulated until the viability of the new project is determined. If a project is determined to be viable, the costs are either transferred to capital or intangible assets. If a project is determined not to be viable, the costs are expensed.

Contingent Liabilities. GBRA provides for contingent liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. At August 31, 2023 GBRA had no contractual commitments.

Operating and Nonoperating Activities. Proprietary funds, like GBRA, distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating activities result from providing services in connection with GBRA's principal ongoing operations. GBRA's primary operating revenues include charges for water sales and lake operations, power sales, wastewater treatment services, and other services. Operating expenses include the costs of sales and services, general and administrative expenses, and depreciation expense. Nonoperating revenues and expenses are all other activities not meeting the above definitions.

Restricted Net Assets. GBRA recognizes net assets restricted for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities in accordance with bond issue and debt covenants and other externally imposed restrictions.

Capitalization of Interest. In accordance with Financial Accounting Standards Board (FASB) Statement 62, GBRA's policy is to capitalize net interest costs on funds borrowed to finance the construction of fixed assets. Capitalized interest for fiscal year ending August 31, 2023 was $0.

Deferred Expenses/Revenue. Certain utility expenses that do not require funds currently are deferred to such periods as they are intended to be recovered in rates charged to customers. Likewise, certain utility revenue is deferred to such periods in which the costs related to that revenue is recognized. Deferred expenses and revenue will be recognized in future years by setting rates sufficient to provide funds for the related debt service requirements. GBRA adopted the provisions of Statement of Financial Accounting Standards No. 71 "*Accounting for the Effects of Certain Types of Regulation*" in 1992.

DEFINED BENEFIT PENSION PLAN

Plan Description. GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 2013. The Plan is a single employer, non-contributory, defined benefit plan. The Plan's benefit provisions were established and may be amended by GBRA's Board of Directors. The Plan is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to nor can it utilize assets within the Retirement Plan Trust. The plan issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Retirement and Benefit Committee at 933 East Court Street, Seguin, Texas 78155. See that report for all information about the plan fiduciary net position. The plan's fiduciary net position in these statements has been determined on the same basis as the plan. The plan was closed as of December 31, 2010 to new participants. As of December 31, 2018, the plan was frozen.

Benefits Provided. All full-time GBRA employees who were hired before January 1, 2011 participate in the plan. Effective December 31, 2018, the plan was amended to be frozen and to provide a supplemental benefit in addition to the frozen accrued benefit as of December 31, 2018. The supplemental benefit is designed to make up for the difference between (a) the projected benefit if the plan were to continue as it was before the amendment and (b) the sum of (i) the frozen accrued benefit in the plan and the employer-funded portion of the benefit in a plan in the Texas County and District Retirement System (TCDRS) that began January 1, 2019. Employees are 100% vested in the frozen accrued benefit. Normal retirement age is 65. An unreduced benefit is also provided for retirement at ages 60 to 64 with the sum of age and service equal to or greater than 85. The plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit. Other lifetime monthly benefit optional forms are available, but there is no partial lump sum option. There is no provision for automatic postretirement benefit increases. The plan has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Funding Policy. The GBRA Board of Directors has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. Employees are not required to contribute to the plan. GBRA management intends to fully fund the plan in not more than 10 years beginning January 1, 2019, expecting to contribute more in the first few years than the minimum required amount to fully fund the plan with level dollar payments over that 10-year period. GBRA will contribute at least the minimum amount each year, usually in December, that will amortize the unfunded actuarial liability (UAL) over the 10-year closed period. All of the costs of administering the plan, except investment management fees, are paid by GBRA and are not considered in the determination of the employer contribution.

Based on this funding policy, the actuaries' recommended minimum contribution for the plan year ending December 31, 2022 was $708,115 payable as of December 31, 2022 and for plan year ending December 31, 2021 was $942,428 payable as of December 31, 2021. This amount was expected to amortize the UAL as a level dollar amount over the 10-year period that began January 1, 2019. In October 2022, GBRA contributed $800,000, more than the recommended $708,115. In December 2021, GBRA contributed the $942,428.

Ultimately, the funding policy also depends upon the total return of the plan's assets, which varies from year to year. Investment policy decisions are established and maintained by the Retirement and Benefit Committee. The committee selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the years ending December 31, 2022 and December 31, 2021 the money-weighted rate of return on pension plan investments was (16.19%) and 9.36% respectively. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

For more information see "Note C – Pension Plans" in the GBRA Annual Comprehensive Financial Report, for the fiscal year ended August 31, 2023 attached as APPENDIX B hereto.

TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM ("TCDRS")

Plan Description. GBRA provides retirement, disability, and death benefits for all of its full-time and part-time employees through Texas County and District Retirement System ("TCDRS"). GBRA began participation in the TCDRS on January 1, 2019. TCDRS is a statewide, agent multiple employer, public employee retirement system administered by the board of trustees of TCDRS. TCDRS issues an annual comprehensive financial report ("ACFR") on a calendar year basis. The most recent annual comprehensive financial report for TCDRS can be found at www.tcdrs.org. Please note that the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

1. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCDRS is a savings based plan. For the GBRA plan, 7% of each employee's pay was deposited into his or her TCDRS account beginning January 1, 2023 and 2022. By law, employee accounts earn 7% interest per year on beginning of year balances. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to a lifetime annuity. Benefit terms are established under the TCDRS Act. They may be amended by the GBRA Board of Directors as of January 1 each year, but must remain in conformity with the Act. Members can retire at ages sixty and above with eight or more years of service, with thirty years of service at any age, or when the sum of their age and years of service equals eighty or more.
4. There are no automatic cost of living adjustments ("COLA"). Each year, GBRA may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation.

GBRA's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The GBRA contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by GBRA and are 7% for FY 2023 and FY2022. The actuarially determined employer contribution rate for CY 2022 was 10.1% and CY 2021 was 8.3%. Contributions to the pension plan from GBRA were $1,622,107 and $1,229,865 for the fiscal year ended August 31, 2023 and 2022, respectively. Contributions made from January 1, 2023 through August 31, 2023 are recorded as a deferred outflow and will be recognized in the subsequent year.

For more information see "Note C – Pension Plans" in the GBRA Annual Comprehensive Financial Report, for the fiscal year ended August 31, 2023 attached as APPENDIX B hereto.

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INVESTMENTS

The Authority invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board of Directors of the Authority. Both state law and the investment policies of the Authority are subject to change.

Investment Authority and Investment Practices of the Authority . . . Under State law, the Authority is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the Authority in compliance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (the "PFIA"), (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the Authority's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the Authority appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for Authority deposits, or (ii) where (a) the funds are invested by the Authority through a broker or institution that has a main office or branch office in the State and selected by the Authority in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the Authority, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the Authority appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the Authority with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party selected and approved by the Authority, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the Authority is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the Authority, held in the Authority's name, and deposited at the time the investment is made with the Authority or with a third party designated by the Authority, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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

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

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

The investment officer of a local government is allowed to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

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

Under Texas law, the Authority is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the Authority to disclose the relationship and file a statement with the Texas Ethics Commission and the Authority, (3) require the registered principal of firms seeking to sell securities to the Authority to: (a) receive and review the Authority's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the Authority's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the Authority's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

TABLE 9 - CURRENT INVESTMENTS . . . State law does not require the Authority to periodically mark its investments to market price, other than annually upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the Authority's audited financial statements. Given the nature of its investments, the Authority does not believe that the market value of its investments differs materially from book value.

As of August 31, 2024, the System's investable funds were invested as shown below:

Type of Investments	Fair Value	% of Market Value
Cash/Money Market Accounts	$ 2,588,723	27%
Investments	6,854,316	73%
Total	$ 9,443,039	100%

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C - Form of Bond Counsel's Opinion" for a copy of the opinion relating to the Bonds that is expected to be delivered by Bond Counsel upon closing and delivery of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the Authority, including information and representations contained in the Authority's federal tax certificate, and (b) covenants of the Authority contained in the documents authorizing the Bonds relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed therewith. Failure by the Authority to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of the issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the Authority with the covenants and the requirements described in the preceding paragraph and Bond Counsel has not been retained to monitor compliance with these covenants and requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Authority with respect to the Bonds or the property financed with the proceeds of the Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Authority as the taxpayer and the holders of the Bonds may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT OBLIGATIONS . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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 accrual period and ratably within each accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the 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 and 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, 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 Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds may be included in certain corporation’s “adjusted financial statement income” determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

CONTINUING DISCLOSURE OF INFORMATION

The Authority has entered into the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and the Authority is obligated to provide timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information." Please note that the information contained on (or accessed through) this website is not incorporated herein and should not be construed as part of this Official Statement.

ANNUAL REPORTS . . . The Authority will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Authority of the general type included in this Official Statement under Tables numbered 1, 2, 3, 4, 6, 7, and 9, and in APPENDIX B. The Authority will update and provide this information within six months after the end of each fiscal year ending in and after 2024.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the Authority may be required to employ from time to time pursuant to State law or regulation.

The Authority's current fiscal year end is August 31. Accordingly, it must provide updated information by the last day of February in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

EVENT NOTICES . . . The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (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 holders 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 Authority, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Authority, any of which reflect financial difficulties. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority. For the purposes of the above describe event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

AVAILABILITY OF INFORMATION FROM MSRB . . . The Authority has agreed to provide the foregoing information only as described above to the MSRB. All documents provided by the Authority to the MSRB described above under "- Annual Reports" and "- Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

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

LIMITATIONS AND AMENDMENTS . . . The Authority has agreed to update information and to provide notices of events only as described above. The Authority 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 Authority 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 Authority 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 of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if (i) 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 or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized Bond Counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of the continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the Authority has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS . . . The Bonds are rated "A" by S&P Global Ratings ("S&P"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the views of S&P, and the Authority makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of the Authority's General Manager/CEO that there is no pending litigation against the Authority that would have a material adverse financial impact upon the Authority or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Chapter 1201.041, Texas Government Code, as amended, provides that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipal or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The Authority will furnish to the Initial Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103 of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished to the Initial Purchaser. In connection with the transactions described in this Official Statement, McCall, Parkhurst & Horton L.L.P. represents only the Authority. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information contained under the captions "THE BONDS" (exclusive of subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (with the exception of the information set forth under the subcaption "- Compliance with Prior Undertakings"), "OTHER INFORMATION - Legal Opinions," "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "APPENDIX A – SELECTED PROVISIONS OF THE RESOLUTION," and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, conforms to the provisions of the Bonds and the Resolution. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

The 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 expressly 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 from the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . . The financial data and other information contained herein have been obtained from Authority records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the Authority 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. Specialized Public Finance Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the Authority accepted the bid of __________________ (the "Initial Purchaser") to purchase the Bonds at the yields shown on the inside cover of this Official Statement, less a purchaser's discount of $______________, and no accrued interest. The Initial Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the Authority to the Initial Purchaser. The Authority has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

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

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

CERTIFICATION REGARDING THE OFFICIAL STATEMENT AND NO LITIGATION . . . At the time of payment for and delivery of the Bonds, the Initial Purchaser will be furnished (i) a certificate of the Authority, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the description and statements of or pertaining to the Authority contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, and on the date of the initial delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they are made, not misleading; (c) insofar as the description and statements, including financial data, of or pertaining to entities, other than the Authority, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and that the Authority has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the Authority since the date of the last audited financial statements of the Authority set forth in the Official Statement; and (e) except as disclosed in the Official Statement, no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

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

The Resolution authorizing the issuance of the Bonds delegated to the General Manager/CEO and the Executive Manager of Finance/CFO the authority to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bond by the Initial Purchaser.

This Official Statement will be approved by the General Manager/CEO of the Authority for distribution in accordance with the provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

General Manager
Guadalupe-Blanco River Authority

APPENDIX A

SELECTED PROVISIONS OF THE RESOLUTION

APPENDIX A

SELECTED PROVISIONS OF THE RESOLUTION

SECTION 6. DEFINITIONS. As used in this Resolution, the following terms and expressions shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"***Additional Obligations***" means the additional bonds, notes and other obligations which GBRA reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 17 of this Resolution and which are equally and ratably secured wholly or in part by a lien on and pledge of the Net Revenues on a parity with the lien on and pledge of the Net Revenues which secures the then Outstanding Parity Obligations.

"***Current Expenses of the System***" shall mean the current, ordinary, reasonable, necessary, and proper expenses of operation and maintenance of the System, including reasonable, necessary, and proper salaries, labor, fees, materials, repairs, paying agents' charges, and properly allocated charges for insurance. Depreciation, all general administrative expenses of GBRA, and payments into and out of the Interest and Sinking Fund and the other Funds, hereinafter described, shall never be considered as expenses of operation and maintenance.

"***Fiscal Year***" shall mean the twelve-month period commencing on September 1 and ending on the next August 31, or such other period commencing on the date designated by GBRA and ending one year later.

"***Gross Revenues of the System***" shall mean all of the revenues, income, and receipts of every nature derived from the ownership or operation of the System.

"***Net Revenues***" shall mean the amount remaining after deducting the Current Expenses of the System from the Gross Revenues of the System.

"***Outstanding***" means, when used with respect to Parity Obligations, as of the date of determination, all Parity Obligations theretofore delivered or entered into under this Resolution and any resolution authorizing Additional Obligations, except:

(i) Parity Obligations theretofore canceled and delivered to GBRA or delivered to the Paying Agent/Registrar for cancellation;

(ii) Parity Obligations deemed paid pursuant to the provisions of Section 25 of this Resolution or any comparable section of any resolution authorizing Additional Obligations;

(iii) Parity Obligations upon transfer of or in exchange for and in lieu of which other Parity Obligations have been authenticated and delivered pursuant to this Resolution and any resolution authorizing Additional Obligations; and

(iv) Parity Obligations under which the obligations of GBRA have been released, discharged or extinguished in accordance with the terms thereof.

"***Parity Obligations***" shall mean the Series 2024 Bonds and any Additional Obligations.

"***Principal and Interest Requirements***" shall mean for any Fiscal Year the amount required to pay the interest on and principal of (whether pursuant to a stated maturity or redemption requirements applicable thereto) all Outstanding Parity Obligations becoming due in such Fiscal Year. In calculating Principal and Interest Requirements the principal and interest coming due in any Fiscal Year on any Parity Obligations which bear interest at a variable rate which cannot be predetermined shall be assumed to be that which would come due if (i) the interest rate on such Parity Obligations for the applicable period was the interest rate that was in effect on the last day of the immediately preceding Fiscal Year (or, if such Parity Obligations were issued during the current Fiscal Year, then the first interest rate in effect for such Parity Obligations), and (ii) the principal amortization schedule would be that which would result in substantially level debt service throughout the remaining term of such Parity Obligations assuming such interest rate. In calculating Principal and Interest Requirements if any such Outstanding Parity Obligations do not pay current interest during the term to maturity thereof, but rather accrete in value according to a schedule, the principal and interest coming due on any such Parity Obligation shall be calculated as equal to the accreted value at maturity.

"***Reimbursement Obligation***" shall mean any obligation entered into by GBRA in connection with any Reserve Fund Credit Facility pursuant to which GBRA obligates itself to reimburse a financial institution, insurance company or other entity for amounts paid or advanced by such entity pursuant to a Reserve Fund Credit Facility. Reimbursement Obligations may be payable from and secured by a lien on Net Revenues which is on parity with, or subordinate to, the lien on Net Revenues which secures the Parity Obligations pursuant to this Resolution.

"***Reserve Fund Credit Facility***" shall mean a policy of insurance, surety bond, letter of credit or similar instrument or contract which (i) is issued by an insurance company or financial institution whose senior debt securities are rated in the one of the three highest rating categories by the rating agencies which provide a rating, at GBRA's request, on the Parity Obligations, (ii) may not be terminated by the entity providing the facility prior to the final maturity date of the particular series of Parity Obligations for which an account in the Reserve Fund is established pursuant to the resolution authorizing such series of Parity Obligations, and (iii) may be drawn upon demand by GBRA to provide funds to pay Principal and Interest Requirements on such particular series of Parity Obligations in the event moneys on deposit in the Interest and Sinking Fund are insufficient to make such payment.

"***Series 2024 Bonds***" shall mean the *Guadalupe-Blanco River Authority Revenue Improvement Bonds, Series 2024 (Stein Falls Wastewater System Project)*, issued pursuant to this Resolution.

"***Stein Falls Wastewater System***" or "***System***", as used in this Resolution shall mean GBRA's wastewater treatment plant and related facilities (including all sewage collection, transportation, treatment, and disposal facilities) located in an unincorporated area near the City of New Braunfels, Texas as such sewage facilities presently exist, together with all future improvements, enlargements, and additions thereto, and replacements thereof, and any other facilities acquired, constructed and designated by GBRA to be a component of the System, all as acquired or constructed from any source, including the issuance of Parity Obligations.

SECTION 7. PLEDGE. The Parity Obligations are and shall be secured and payable, equally and ratably on a parity, by and from a first lien on and pledge of the Net Revenues.

SECTION 8. RATES. GBRA covenants and agrees with the holders of the Parity Obligations as follows:

(a) It will at all times fix, revise, maintain, charge, and collect for services rendered by the System, rates and charges which will produce Net Revenues that will (i) equal at least *110%* of the average annual Principal and Interest Requirements on the Parity Obligations Outstanding during each Fiscal Year, (ii) maintain or restore the amount on deposit in the respective accounts of the Reserve Fund to the amounts and in the manner required by the respective resolutions authorizing the issuance of the Outstanding Parity Obligations, and (iii) pay all Reimbursement Obligations coming due during each Fiscal Year, if any.

(b) If the System should become legally liable for any other obligations or indebtedness, GBRA shall fix, maintain, charge and collect additional rates and charges for services rendered by the System sufficient to establish and maintain funds for the payment thereof.

SECTION 9. FUNDS. *(a) Creation of Revenue Fund and Interest and Sinking Fund*. All revenues of the System shall be kept separate and apart from all other funds of GBRA, and the following special Funds are hereby created and established and shall be maintained on the financial records of GBRA (or at an official depository of GBRA), so long as any of the Parity Obligations, or interest thereon, are Outstanding and unpaid:

(i) **GUADALUPE-BLANCO RIVER AUTHORITY - STEIN FALLS WASTEWATER SYSTEM REVENUE FUND**, hereinafter called the "***Revenue Fund***"; and

(ii) **GUADALUPE-BLANCO RIVER AUTHORITY - STEIN FALLS WASTEWATER SYSTEM REVENUE BONDS INTEREST AND SINKING FUND**, hereinafter called the "***Interest and Sinking Fund***."

(b) Creation of Reserve Fund. Additionally, there is hereby created for the benefit only of the registered owners of a particular series of Parity Obligations for which an account is created in the resolution authorizing such series of Parity Obligations, and shall be maintained on the financial records of GBRA (or at an official depository of GBRA), for the pro rata benefit of all Parity Obligations of such series for which an account is created, the **GUADALUPE-BLANCO RIVER AUTHORITY - STEIN FALLS WASTEWATER SYSTEM REVENUE BONDS RESERVE FUND**, hereinafter called the "***Reserve Fund***." GBRA may create and establish accounts in the Reserve Fund pursuant to the provisions of any resolution authorizing the issuance of Parity Obligations for the purpose of securing that particular issue or series of Parity Obligations or any specific group of issues or series of Parity Obligations and the amounts once deposited or credited to said account shall no longer constitute Net Revenues and shall be held solely for the benefit of the registered owners of the particular Parity Obligations for which such account in the Reserve Fund was established. Each such account in the Reserve Fund shall be designated in such manner as is necessary to identify the Parity Obligations it secures and to distinguish such account from all other accounts in the Reserve Fund created for the benefit of a particular series of Parity Obligations. All terms relating to the requirements to establish, fund and maintain required balances in an account of the Reserve Fund, including but not limited to the use of any Reserve Fund Credit Facility therein, shall be set forth in the resolution authorizing the issuance of the particular series of Parity Obligations for which such account is established.

(c) Creation of Construction Fund. There is hereby further created and established shall be maintained on the financial records of GBRA (or at an official depository of GBRA) a fund to be called the **GUADALUPE-BLANCO RIVER AUTHORITY - STEIN FALLS WASTEWATER SYSTEM REVENUE BONDS CONSTRUCTION FUND** (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of a series of Parity Obligations which are issued to finance improvements to the System (other than proceeds representing accrued interest on such Parity Obligations and any premium on such Parity Obligations that is not used by GBRA to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in an account of the Construction Fund established by the chief financial officer of GBRA in connection with the issuance of such series of Parity Obligations. Money in the Construction Fund shall be subject to disbursements by GBRA for payment of all costs incurred in carrying out the purpose for which such series of Parity Obligations are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of such series of Parity Obligations, and to pay related costs of issuance. All funds remaining on deposit in an account of the Construction Fund upon completion of the projects being financed with the proceeds the related series of Parity Obligations, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 10. REVENUE FUND. All Gross Revenues of the System shall be deposited as collected into the Revenue Fund. The Current Expenses of the System shall be paid from the Revenue Fund or from any other funds of GBRA lawfully available therefor. The Gross Revenues of the System not actually used to pay Current Expenses of the System shall be deposited from the Revenue Fund into the other Funds created by this Resolution, in the manner and amounts and at the times hereinafter provided, and each of such Funds shall have priority as to such deposits in the order in which they are treated in the following sections.

SECTION 11. INTEREST AND SINKING FUND. *(a)* Use of Funds. The Interest and Sinking Fund shall be used solely to pay the principal of and interest on the Parity Obligations when due, and the chief financial officer of GBRA is hereby authorized to cause funds to be transferred from the Interest and Sinking Fund to the paying agent/registrars at the times and in the amounts to pay Principal and Interest Requirements on the Parity Obligations.

(b) Deposit of Accrued Interest and Capitalized Interest. Immediately after the delivery of any series of Parity Obligations, all moneys representing accrued interest, if any, received by GBRA upon the sale and delivery of such Parity Obligations to the initial purchaser thereof, together with all capitalized interest being financed with proceeds of such Parity Obligations, if any (but in no event in excess of the amount permitted by Section 1201.042(a)(1), Texas Government Code, as amended, or other applicable law), shall be deposited to the credit of the Interest and Sinking Fund.

(c) Monthly Deposits. In addition, there shall be transferred Net Revenues from the Revenue Fund and deposited into the Interest and Sinking Fund the following:

(i) on or before the 25th day of each month, commencing with the month immediately following the issuance of any series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the interest scheduled to come due on all Outstanding Parity Obligations on the next interest payment date;

(ii) on or before the 25th day of each month, commencing with the twelfth (12th) month preceding the first principal payment date for a series of Parity Obligations, or commencing with the month immediately following the issuance of any series of Parity Obligations if delivery of such series of Parity Obligations is made less than twelve months preceding the first principal payment date for such series of Parity Obligations, there shall be deposited into the Interest and Sinking Fund in approximately equal installments an amount as will be sufficient, together with other amounts, if any, then on deposit therein and available for such purpose, to pay the principal scheduled to come due (either at stated maturity or due to mandatory sinking fund redemption) on all Outstanding Parity Obligations on the next principal payment date; and

(iii) on or before any optional redemption date set by GBRA for any Parity Obligations, there shall be deposited into the Interest and Sinking Fund an amount as will be sufficient to pay the principal of, premium, if any, and interest on the Parity Obligations scheduled to be redeemed on such optional redemption date.

SECTION 12. RESERVE FUND. *(a) Use of Funds*. Funds on deposit in an account of the Reserve Fund established for the benefit of a particular series of Parity Obligations shall be used to (i) pay the principal of and interest on such series of Parity Obligations for which such account was created at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose, (ii) pay the principal of or interest on the last maturing Parity Obligations of such series, or (iii) pay Reimbursement Obligations to restore the amount available to be drawn under a Reserve Fund Credit Facility to its original amount. If the amount on deposit in an account of the Reserve Fund for a particular series of Parity Obligations consists of cash and investments and a Reserve Fund Credit Facility, all cash and investments in such account shall be liquidated and withdrawn prior to drawing on the Reserve Fund Credit Facility. If more than one Reserve Fund Credit Facility is maintained in an account of the Reserve Fund, any withdrawals on such Reserve Fund Credit Facilities shall be pro rata.

(b) Series 2024 Bonds Not Secured with Reserve Fund. No account is being established in the Reserve Fund for the benefit of the Holders of the Series 2024 Bonds; consequently, no proceeds of the Series 2024 Bonds shall be deposited into the Reserve Fund, no other funds shall be deposited into the Reserve Fund (unless otherwise provided by GBRA in a subsequent resolution), and the Holders of the Series 2024 Bonds shall not be entitled to any funds which may be on deposit in the Reserve Fund (unless otherwise provided by GBRA in a subsequent resolution).

OR[1]

(b) Series 2024 Bonds To Be Secured with Account in the Reserve Fund. In the event it is determined by a Designated Officer that it is necessary to establish an account in the Reserve Fund for the benefit of the Registered Owners of the Series 2024 Bonds, such Designated Officer shall make a finding to such effect in Exhibit A and, thereafter, there shall be established an account in the Reserve Fund, to be known as the "***Series 2024 Reserve Account***," solely for the benefit of the Registered Owners of the Series 2024 Bonds. In the event a Series 2024 Reserve Account is established, the amount required to be on deposit in the Series 2024 Reserve Account shall be equal to either the average annual or the maximum annual Principal and Interest Requirements of the Series 2024 Bonds (as determined by a Designated Officer) calculated on the date of issuance and delivery of the Series 2024 Bonds (the "***Series 2024 Reserve Account Requirement***"). In the event a Series 2024 Reserve Account is established, GBRA shall fund the Series 2024 Reserve Account Requirement using one of the following methods (or any

[1]Each Designated Officer is hereby authorized to determine whether an account in the Reserve Fund shall be established for the benefit of the Series 2024 Bonds. Upon such determination, such Designated Officer is authorized to revise this Resolution to delete the version of subsection 12(b) that does not apply and make appropriate revisions related thereto.

combination thereof), which method shall be determined by the Designated Officer and set forth in ***Exhibit A*** attached hereto:

(i) by purchasing on the date of delivery of the Series 2024 Bonds and depositing to the credit of the Series 2024 Reserve Account a Reserve Fund Credit Facility in an amount at least equal to the Series 2024 Reserve Account Requirement, as further permitted in accordance with Section 32(b) hereof;

(ii) by transferring into the Series 2024 Reserve Account on the date of delivery of the Series 2024 Bonds available funds of GBRA in an amount equal to all or a portion of the Series 2024 Reserve Account Requirement; and/or

(iii) by agreeing to fund the Series 2024 Reserve Account Requirement within 60 months of the date of delivery of the Series 2024 Bonds by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund described in Section 11(c) hereof and paying all Current Expenses of the System then due) on the 25th day of each month, commencing with the month immediately following the date of delivery of the Series 2024 Bonds.

If a Series 2024 Reserve Account is required to be established, when and so long as the money and investments in the Series 2024 Reserve Account total not less than the Series 2024 Reserve Account Requirement, no deposits need be made to the credit of the Series 2024 Reserve Account; but when and if the Series 2024 Reserve Account at any time contains less than the Series 2024 Reserve Account Requirement, GBRA covenants and agrees to cure the deficiency in the Series 2024 Reserve Account Requirement within sixty (60) months from the date the deficiency occurred by making monthly deposits from funds on deposit in the Revenue Fund (but only after making the required deposits into the Interest and Sinking Fund described in Section 11(c) hereof and paying all Current Expenses of the System then due) on the 25th day of each month in approximately equal amounts. During such time as the Series 2024 Reserve Account contains the Series 2024 Reserve Account Requirement, GBRA may, at its option, withdraw all surplus funds in the Series 2024 Reserve Account in excess of the Series 2024 Reserve Account Requirement and deposit such surplus in the Interest and Sinking Fund. For the purpose of determining the amount on deposit to the credit of the Series 2024 Reserve Account, investments in which money in such account shall have been invested shall be computed at cost. The amount on deposit to the credit of the Series 2024 Reserve Account shall be computed by GBRA at least annually and shall be computed immediately upon any withdrawal from the Series 2024 Reserve Account.

(c) Other Reserve Fund Requirements to be Set Forth in Additional Obligations Resolution. In the event GBRA establishes an account in the Reserve Fund for the benefit of the Holders of a particular series of Additional Obligations, all provisions with respect to the funding requirements and other details shall be set forth in the resolution authorizing such series of Additional Obligations.

SECTION 13. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund, the Reserve Fund, and the Construction Fund shall be secured by the depository bank of GBRA in the manner and to the extent required by law to secure other public funds of GBRA and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and GBRA's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times when expected to be needed. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by GBRA and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Parity Obligations. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 28 hereof in order to prevent any Parity Obligations from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 14. DEFICIENCIES IN FUNDS. If in any month GBRA shall fail to deposit into any Fund created by this Resolution the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Net Revenues for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, GBRA shall increase the rates and charges for services of the System to make up for any such deficiencies.

SECTION 15. EXCESS REVENUES. The Net Revenues, in excess of those necessary to establish and maintain the Funds as required in this Resolution, or as hereafter may be required in connection with the issuance of Additional Obligations, may be used for any lawful purpose.

SECTION 16. SECURITY FOR FUNDS. All Funds created by this Resolution shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

SECTION 17. ADDITIONAL OBLIGATIONS. GBRA reserves the right to issue or enter into additional parity revenue bonds, notes or other debt obligations for any purpose related to the System, to be known as Additional Obligations, which, when issued and delivered or entered into, shall be payable from and secured by a first lien on and pledge of the Net Revenues, in the same manner and to the same extent as the then Outstanding Parity Obligations, and such Additional Obligations together with the then Outstanding Parity Obligations shall in all respects be on a parity and of equal dignity. The Additional Obligations may be issued or entered into in one or more series or form, provided, however, that no series or form of Additional Obligations shall be issued or entered into unless:

(a) The chief financial officer of GBRA signs a certificate to the effect that, except for the issuance of refunding bonds to cure a default, no default exists in connection with any of the covenants or requirements of the resolutions authorizing the issuance of all then Outstanding Parity Obligations and that the Interest and Sinking Fund and the Reserve Fund each contains the amount then required to be on deposit therein;

(b) The chief financial officer of GBRA signs a certificate to the effect that, during either the next preceding Fiscal Year, or any twelve (12) consecutive calendar month period ending not more than ninety (90) days prior to the adoption of the resolution authorizing the issuance of the then proposed Additional Obligations, the Net Revenues were at least equal to an aggregate of (i) 110% of the average annual principal and interest requirements of all then Outstanding Parity Obligations after giving effect to the Additional Obligations proposed for issuance, plus (ii) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any. However in the event (A) the certificate of the chief financial officer states that the Net Revenues for the period covered thereby were less than required above, and (B) a change in the rates and charges of the System went into effect after the first day, but prior to the last day, of the period covered by the certificate of the chief financial officer, and (C) the chief financial officer will additionally certify that, had such change in rates and charges been effective for the entire period covered by the certificate of the chief financial officer, the Net Revenues covered by the certificate of the chief financial officer would have been, in his or her opinion, at least equal to an aggregate of (1) 110% of the average annual Principal and Interest Requirements (calculated on a Fiscal Year basis) of the Outstanding Parity Obligations, after giving effect to the Additional Obligations proposed to be issued, plus (2) 100% of all Reimbursement Obligations required to be made during the first twelve months following the date of delivery of such Additional Obligations, if any, then in such event the coverage specified in the first sentence of this paragraph (b) shall not be required for the period specified, and such certificate of the chief financial officer will be sufficient if accompanied by such additional certificate of the chief financial officer to the above effect;

(c) The Additional Obligations are scheduled to mature only on February 15 and/or August 15, and the interest thereon is scheduled to be paid only on February 15 and August 15; and

(d) All calculations of average annual Principal and Interest Requirements made pursuant to this Section are to be made as of and from the date of the Additional Obligations then proposed to be issued.

SECTION 18. OPERATION AND MAINTENANCE; INSURANCE. (a) While any of the Parity Obligations are Outstanding GBRA covenants and agrees to keep all of the buildings, structures, and facilities of the

System in good condition, repair, and working order, and to operate and maintain the System in an efficient manner and at reasonable expense.

(b) GBRA shall procure and maintain fire and extended coverage insurance on the facilities of the System, public liability insurance, and other insurance, including self-insurance, of kinds and in amounts which usually would be carried by private companies engaged in operating or owning sewage facilities. Any proceeds from fire and extended coverage insurance shall be used promptly to repair any property damaged or to replace any property destroyed, and all surplus insurance proceeds shall be deposited into the Revenue Fund, provided that if the insurance proceeds, together with other available funds, are not sufficient to repair or replace such property, the insurance proceeds shall be deposited into the Interest and Sinking Fund and maintained therein as an additional reserve for the benefit of the Parity Obligations.

SECTION 19. ACCOUNTS AND FISCAL YEAR. GBRA shall keep proper books of records and accounts, separate from all other records and accounts of GBRA, in which complete and correct entries shall be made of all transactions relating to the System. GBRA agrees to operate the System and keep is books of records and accounts pertaining thereto on the basis of its current Fiscal Year; provided, however, that the Board of Directors of GBRA may change such Fiscal Year by resolution duly passed, if such change is deemed necessary by the Board of Directors.

SECTION 20. AUDIT. After the close of each Fiscal Year while any of the Parity Obligations are Outstanding, an audit will be made of the books and accounts relating to the Net Revenues, and the Funds created pursuant to this Resolution, by an independent certified public accountant. As soon as practicable after the close of each such Fiscal Year, and when said audit has been completed and made available to GBRA, a copy of such audit for the preceding year shall be mailed to the Paying Agent/Registrar and to any registered owners of the Parity Obligations who shall so request in writing. The annual audit reports shall be open to the inspection of the registered owners and their agents and representatives at all reasonable times.

SECTION 21. INSPECTIONS. Any holder or holder of any Parity Obligations shall have the right at all reasonable time to inspect the System and all records, accounts, and data of GBRA relating thereto.

SECTION 22. SPECIAL COVENANTS. GBRA further covenants as follows:

(a) Other than for the payment of the Parity Obligations herein authorized, the revenues and income of the System have not in any manner been pledged to the payment of any debt or other obligation of GBRA or the System.

(b) While any of the Parity Obligations are Outstanding, GBRA will not additionally encumber the revenues and income of the System, unless such encumbrance is made junior and subordinate in all respect to the Parity Obligations and all liens and pledges in connection therewith.

(c) No free service of the System shall be allowed and should GBRA or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by GBRA out of funds from sources other than the revenues and income of the System.

(d) So long as any Parity Obligations are Outstanding, and except as hereinafter specifically permitted, GBRA shall not sell, lease, mortgage, encumber, or otherwise dispose of any part of the System. GBRA shall be authorized from time to time to sell any real or personal property if GBRA shall determine that any such real or personal property is no longer needed or is no longer useful in connection with the operation and maintenance of the System. The proceeds from the sale of any real or personal property shall be used to replace or provide substitutes for property sold, if deemed necessary by GBRA, or, if not, the proceeds shall be deposited into the Revenue Fund. GBRA shall be authorized to lease (including oil, gas, or mineral leases) any property of the System, if such lease or the use of such property will not adversely affect the operation and maintenance of the System, or in any way cause a decrease in the Net Revenues. No lease shall be made which will result in damage to or substantial diminution of the value of other property of the System. All rentals, revenues, receipts, and royalties derived by GBRA from any and all leases so made shall be placed in the Revenue Fund. It is further covenanted and agreed by GBRA that no real property of the System shall be sold or leased unless GBRA shall first procure a recommendation in writing from an independent Registered Professional Engineer of the State of Texas, to the effect that, in his or her opinion, the proposed sale or lease, should be made and executed, and that such proposed sale or lease will not adversely affect the operation and maintenance of the System and will not cause a decrease in the Net Revenues.

SECTION 23. PARITY OBLIGATIONS ARE SPECIAL OBLIGATIONS. The Parity Obligations shall be special obligations of GBRA payable solely from the Net Revenues, and the holder or holders thereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 24. RESOLUTION A CONTRACT; AMENDMENTS. *(a) Resolution a Contract*. This Resolution shall constitute a contract with the registered owners of the Parity Obligations, binding on GBRA and its successors and assigns, and shall not be amended or repealed by GBRA as long as any Parity Obligations remain Outstanding except as permitted in this Section.

(b) Amendments Without Notice to or Consent of Registered Owners. GBRA may, without the consent of or notice to any registered owners of any Parity Obligations, amend, change, or modify this Resolution (i) as may be required by the provisions hereof, (ii) as may be required for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change (other than any change described in clauses (i) through (iv) of the first sentence in subsection (c) below) with respect to which GBRA receives written confirmation from each rating agency then maintaining a rating on the Parity Obligations at the request of GBRA that such amendment would not cause such rating agency to withdraw or reduce its then current rating on the Parity Obligations.

(c) Amendments With Notice to and Consent of Registered Owners. In addition, GBRA may, with the written consent of the registered owners of at least a majority in aggregate principal amount of the Parity Obligations then Outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Parity Obligations, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Parity Obligation over any other Parity Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Parity Obligations required for consent to any such amendment, change, modification, or rescission.

(d) Notice of Amendment. Whenever GBRA shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the registered owners of the Parity Obligations, GBRA shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, GBRA shall receive an instrument or instruments in writing executed by the registered owners of all or a majority (as the case may be) in aggregate principal amount of the Parity Obligations then Outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, GBRA may adopt such amendment, addition, or rescission in substantially such form, except as herein provided.

(e) Effect of Amendment on Registered Owners. No registered owner may thereafter object to the adoption of any amendment, addition, or rescission which is accomplished pursuant to and in accordance with the provisions of this Section, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

* * *

SECTION 35. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event GBRA (i) defaults in the payment of the principal, premium, if any, or interest on the Series 2024 Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund or the Reserve Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution and the continuation thereof for 30 days after GBRA has received written notice of such defaults, the Holders of any of the Series 2024 Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of GBRA and other officers of GBRA to observe and perform any covenant, condition or obligation prescribed in this Resolution. Notwithstanding the foregoing, in the event the Series 2024 Bonds are insured with a municipal bond insurance policy, the provider of such insurance policy shall have the right to direct all remedies upon an event of default, and such provider shall be recognized as the registered owner of the Series 2024 Bonds for the purposes of exercising all rights and privileges available to the Holders.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

* * * * *

APPENDIX B

GUADALUPE-BLANCO RIVER AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended August 31, 2023

The information contained in this APPENDIX consists of selected portions of the Authority's Annual Comprehensive Financial Report for the Year Ended August 31, 2023.

(For informational purposes only, except for information relating to the Stein Falls Wastewater System in Note O of such financial report. No revenues of the Authority, other than the Net Revenues of the Authority's Stein Falls Wastewater System as further described in this Official Statement, are pledged to secure the Bonds.)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Guadalupe-Blanco River Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Guadalupe-Blanco River Authority, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Guadalupe-Blanco River Authority'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 business-type activities and fiduciary activities of the Guadalupe-Blanco River Authority as of August 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Guadalupe-Blanco River Authority 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. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards.*

Other Matter

The financial statements of the business-type activities and fiduciary activities of the Guadalupe-Blanco River Authority as of August 31, 2022, were audited by other auditors whose report dated November 22, 2022, expressed an unmodified opinion on those statements.

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Responsibility 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 Guadalupe-Blanco River Authority'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 and *Government 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 and *Government 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 Guadalupe-Blanco River Authority'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 Guadalupe-Blanco River Authority'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; schedule of changes in the employer's net pension liability and related ratios, schedule of employer contributions, and schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the Guadalupe-Blanco River Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Guadalupe-Blanco River Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Guadalupe-Blanco River Authority's internal control over financial reporting and compliance.

ABIP, PC

San Antonio, Texas
December 13, 2023

Financial Section

Management Discussion and Analysis
For the Years Ended August 31, 2023 and 2022 Unaudited

The Guadalupe-Blanco River Authority's (GBRA) financial statements are presented within the financial section of this Annual Comprehensive Financial Report (ACFR). The components of the financial statements include this Management Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplemental Information and Other Supplementary Information.

The MD&A, as Required Supplemental Information, introduces the basic financial statements and provides an analytical overview of GBRA's financial activities. GBRA implemented the provisions of the Government Accounting Standards Board Statement Number 34 (GASB 34) in 2002 and as such, the MD&A that follows presents a comparison of each of the last three years.

Overview of the Basic Financial Statements

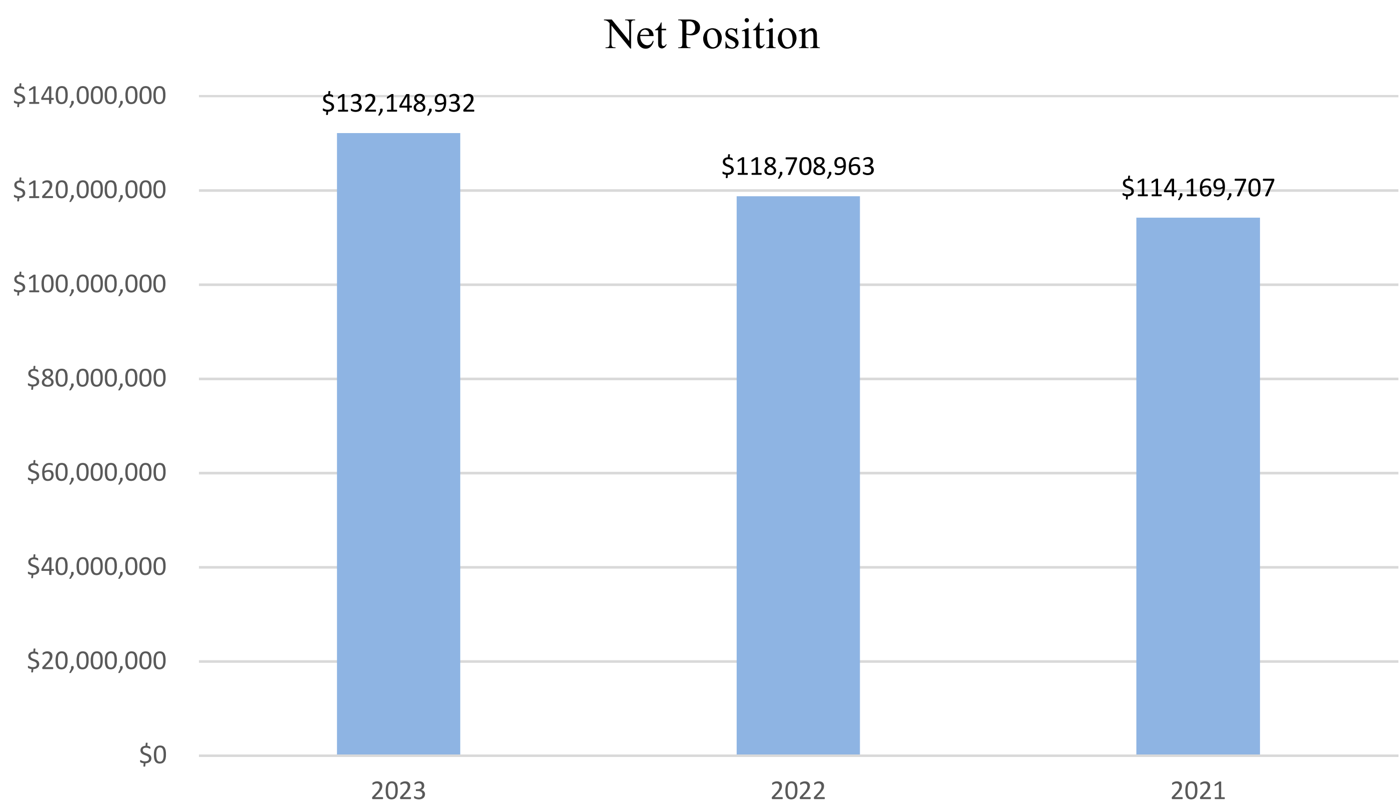
GBRA was created in 1933 as a political subdivision of the State of Texas and structured as a conservation and reclamation district under Article 16, Section 59 of the Texas Constitution. GBRA's principal functions are to control, store, preserve, and distribute the waters of the Guadalupe River Basin for all useful purposes within the ten-county district that GBRA serves. In meeting these principal functions, GBRA does not have the power of taxation nor does it receive appropriations from the State of Texas, but instead must rely upon user fees to provide these services.

GBRA's financial statements consist of one enterprise fund and one fiduciary fund because of the nature of GBRA's activities, the reliance upon user fees, and the fact that GBRA does not have any separate component units to report. The major features of fund reporting are:

- **Scope** – All GBRA activities are included in the enterprise fund, the reporting format of which is similar to private businesses.
- **Required Financial Statements** – The financial statements include a Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; Statement of Fiduciary Net Position; and Statement of Changes in Fiduciary Net Position and Notes to the Financial Statements.
- **Accounting Basis and Measurement Focus** – Accrual accounting and economic resources focus are utilized.
- **Type of Asset/Liability Information** – The enterprise fund reports all current and long-term assets and liabilities, both financial and capital.
- **Type of Inflow/Outflow Information** – The enterprise fund records all revenues and expenses during the year, regardless of when the cash is received from the revenue or when the cash is paid for the expense.

Condensed Financial Information

The financial statements are designed to provide readers with a broad overview of GBRA's financial position. The Statement of Net Position presents information on all of GBRA's Assets and Deferred Outflows of Resources as well as GBRA's Liabilities and Deferred Inflows of Resources. The difference between these two groups of accounts is then reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of GBRA is improving or deteriorating. In Fiscal Years 2023, 2022, and 2021 respectively, Assets and Deferred Outflows of Resources exceeded Liabilities and Deferred Inflows of Resources by $132,148,932; $118,708,963; and $114,169,707. The following graph depicts the growth in Net Position.



Between FY 2023 and FY 2022, and between FY 2022 and FY 2021 Net Position amounts increased $13,439,969 and $4,539,256 respectively, which indicates a continued improvement in GBRA's financial position. The single most significant reason for this increase in Net Position is positive operating results that have averaged $7,707,211 per year during the period. Starting in 2015, GASB Statement 68 requires that governmental organizations recognize in their financial statements any unfunded accrued liability associated with a defined benefit pension plan. GBRA recorded in FY 2023, FY 2022 and FY 2021 respectively a Net Pension Liability of $10,326,222; $1,171,358; and $3,177,619. Disclosure requirements that further explain GBRA's pension plans and the requirements of GASB 68 are found in Note C and Required Supplemental Information.

The following table presents Condensed Statements of Net Position for August 31, 2023, 2022, and 2021:

GUADALUPE-BLANCO RIVER AUTHORITY STATEMENTS OF NET POSITION AUGUST 31, 2023, 2022, AND 2021			
ASSETS	**2023**	**2022**	**2021**
Current Assets			
Unrestricted Assets	$ 61,084,742	$ 50,008,700	$ 32,572,082
Restricted Assets	6,170,982	3,286,578	3,173,738
Long-Term Assets			
Restricted Assets	149,627,191	164,310,936	121,596,758
Capital Assets, net	480,924,938	395,720,054	261,056,284
Other Assets	13,903,327	13,360,152	12,945,159
Total Assets	711,711,180	626,686,420	431,344,021
DEFERRED OUTFLOWS OF RESOURCES	8,552,812	4,643,970	5,416,734
Total Assets and Deferred Outflows of Resources	$ 720,263,992	$631,330,390	$436,760,755
LIABILITIES			
Current Liabilities			
Payable from Unrestricted Assets	$ 17,706,857	$ 22,404,841	$ 13,891,428
Payable from Restricted Assets	15,499,980	10,446,276	12,762,755
Long-Term Liabilities			
Bonds,Loans Payable and Long Term Liabilities	525,198,639	458,206,749	276,359,677
Advances for Operations	130,047	158,297	158,297
Lease Liability	1,343,255	632,950	-
Net Pension Liability	10,326,222	1,171,358	3,177,619
Total Liabilities	570,205,000	493,020,471	306,349,776
DEFERRED INFLOWS OF RESOURCES	17,910,060	19,681,703	16,241,272
NET POSITION			
Net Investments in Capital Assets	$ 97,107,675	$ 96,524,392	$ 95,973,823
Restricted for Debt Service	5,713,158	3,153,833	3,167,506
Restricted for Reserves	1,669,458	1,630,105	1,758,728
Restricted for Rate Stabilization	3,655,325	3,279,819	3,229,016
Unrestricted	24,003,316	14,040,067	10,040,634
Total Net Position	132,148,932	118,628,216	114,169,707
Total Liabilities, Deferred Inflows and Net Position	$ 720,263,992	$631,330,390	$436,760,755

The Total Net Position amount is subdivided into an Unrestricted Net Position amount, Restricted Net Position amounts, and a final amount described as Net Investments in Capital Assets. The restricted Net Position amounts represent debt service, reserves, rate stabilization funds, or funds set forth by external restrictions.

The following table presents Condensed Statements of Revenues, Expenses and Changes in Net Position for years ending August 31, 2023, 2022, and 2021:

GUADALUPE-BLANCO RIVER AUTHORITY

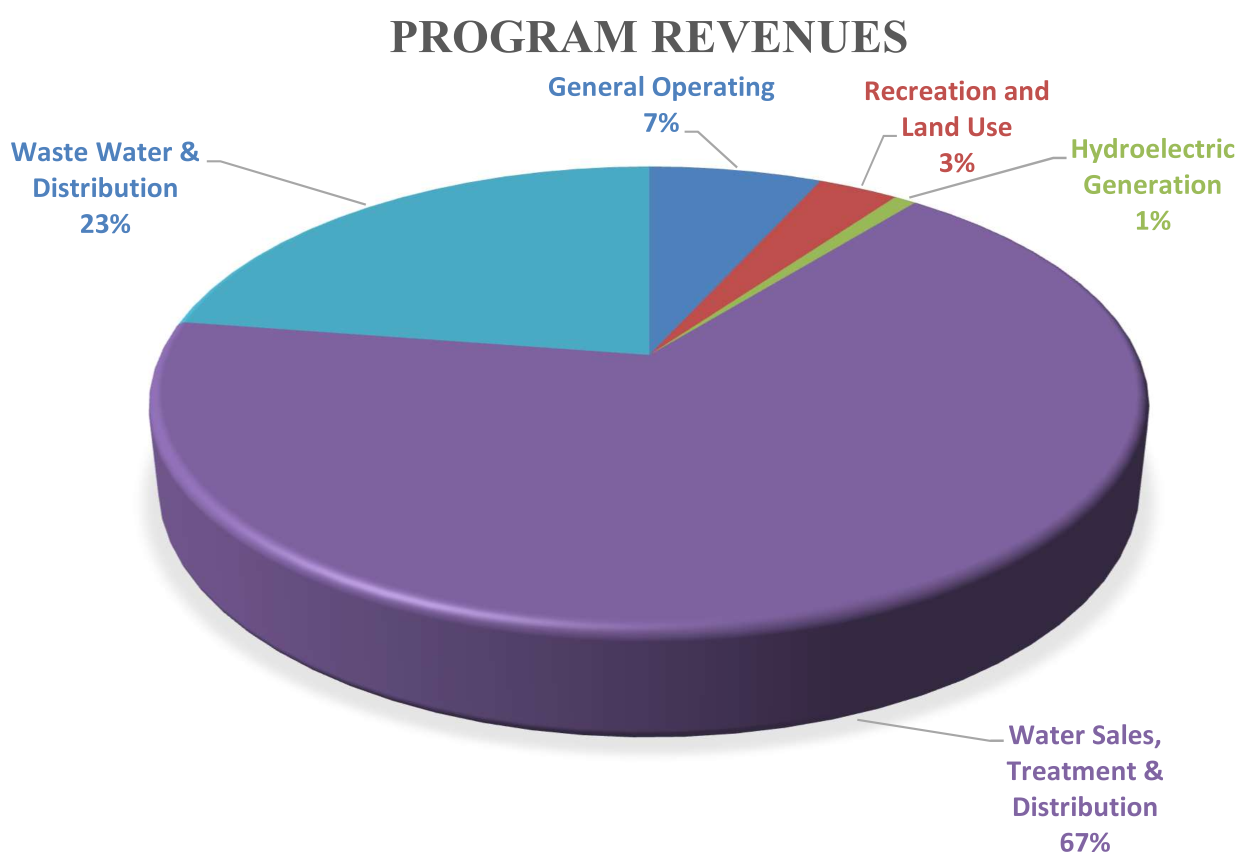
COMBINED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FISCAL YEARS ENDED AUGUST 31, 2023, 2022, AND 2021

OPERATING REVENUE	**2023**	**2022**	**2021**
Program Revenues			
General Operating	$ 4,410,864	$ 4,634,895	$ 4,163,974
Recreation and Land Use	2,052,444	1,937,474	2,014,475
Hydroelectric Generation	566,486	1,579,702	2,007,392
Water Sales, Treatment, & Distribution	43,779,370	40,529,150	37,526,493
Waste Water Treatment	14,814,054	16,429,929	10,664,446
Interfund Eliminations	(6,655,097)	(6,531,968)	(5,659,325)
Total Operating Revenues	58,968,121	58,579,182	50,717,455
OPERATING EXPENSES			
Program Expenses			
General Operating	5,935,234	4,383,023	5,091,321
Recreation and Land Use	1,971,787	1,733,466	1,879,193
Hydroelectric Generation	2,329,835	3,297,372	2,949,357
Water Sales, Treatment, & Distribution	42,660,638	39,590,183	37,696,382
Waste Water Treatment	10,976,807	10,781,752	8,570,156
Interfund Eliminations	(6,655,097)	(6,531,968)	(5,659,325)
Total Operating Expenses	57,219,204	53,253,828	50,527,084
NON OPERATING REVENUES (EXPENSES)			
Grant Income	2,256,702	1,375,986	605,626
Investment Income	9,807,261	1,059,113	173,254
Gain (Loss) on Disposal of Capital Assets	270,059	581,503	36,551
Debt issuance Expense	(1,199,026)	(2,524,733)	(1,672,225)
Interest Expense	(12,753,003)	(9,370,179)	(6,255,460)
Capacity Charge Revenue	15,356,926	9,402,155	7,390,021
Total Non Operating Revenues (Expenses)	13,738,919	523,845	277,767
Net Income Before Recognition of Deferrals	15,487,836	5,849,199	468,138
Capital Contribution	124,110	281,654	5,888,224
Costs (Revenue) to be Recognized in Future Years	(2,091,230)	(1,591,597)	(1,294,700)
Change in Net Position	13,520,716	4,539,256	5,061,662
Net Position September 1, 2022 and 2021 and 2020	118,628,216	114,169,707	109,108,045
Restatement of Net Position		(80,747)	
Net Position August 31, 2023 and 2022 and 2021	$ 132,148,932	$ 118,628,216	$ 114,169,707

As stated above, changes to GBRA's Net Position is one measure of whether GBRA's financial position is improving or not. The increases in Net Position for Fiscal Years 2023, 2022, and 2021 of $13,520,716; $4,539,256; and $5,061,662 are indicative of positive financial performance and a stable financial position.

Program Revenues increased by $7.8 million between FY 2021 and FY 2022 due to increased water sales including new water contracts and growth in retail wastewater operations. Program Revenues between FY 2022 and FY 2023 increased approximately $388,000 primarily as a result of increased water sales. Investment income revenue within Non-Operating Revenues increased $8.7 million from FY 2022 to FY 2023 due to achieving higher rates of returns in an increasingly favorable market environment. Non-Operating Revenues related to grants increased approximately $1.0 million from FY 2022 to FY 2023 due primarily to a grant awarded to create a Habitat Conservation Plan. Additionally, capacity charge revenue within Non-Operating Revenues increased by $5.9 million and $2.0 million in FY 2023 and FY 2022, respectively. These charges stem from contract revenue bonds issued to directly benefit customers. A gain of nearly $300,000 was recognized as part of a transaction to sell GBRA's Port Lavaca Water Treatment Plant and associated assets to a private entity. The following graph outlines the distribution of Program Revenues.



Program Expenses increased by approximately $2.7 million between FY 2021 and FY 2022 and by approximately $3.9 million from FY 2022 to FY 2023 due to the growth of operations, addition of personnel to support growing operations, and increasing inflationary costs.

Non-Operating Expenses increased between FY 2021 and FY 2022 by approximately $3.9 million due to increasing expenses for interest related to growing debt and bond issuance costs resulting from the completion of five bond transactions. Non-Operating Expenses increased again in FY 2023 for the same reason after four additional bond transactions closed during the fiscal year.

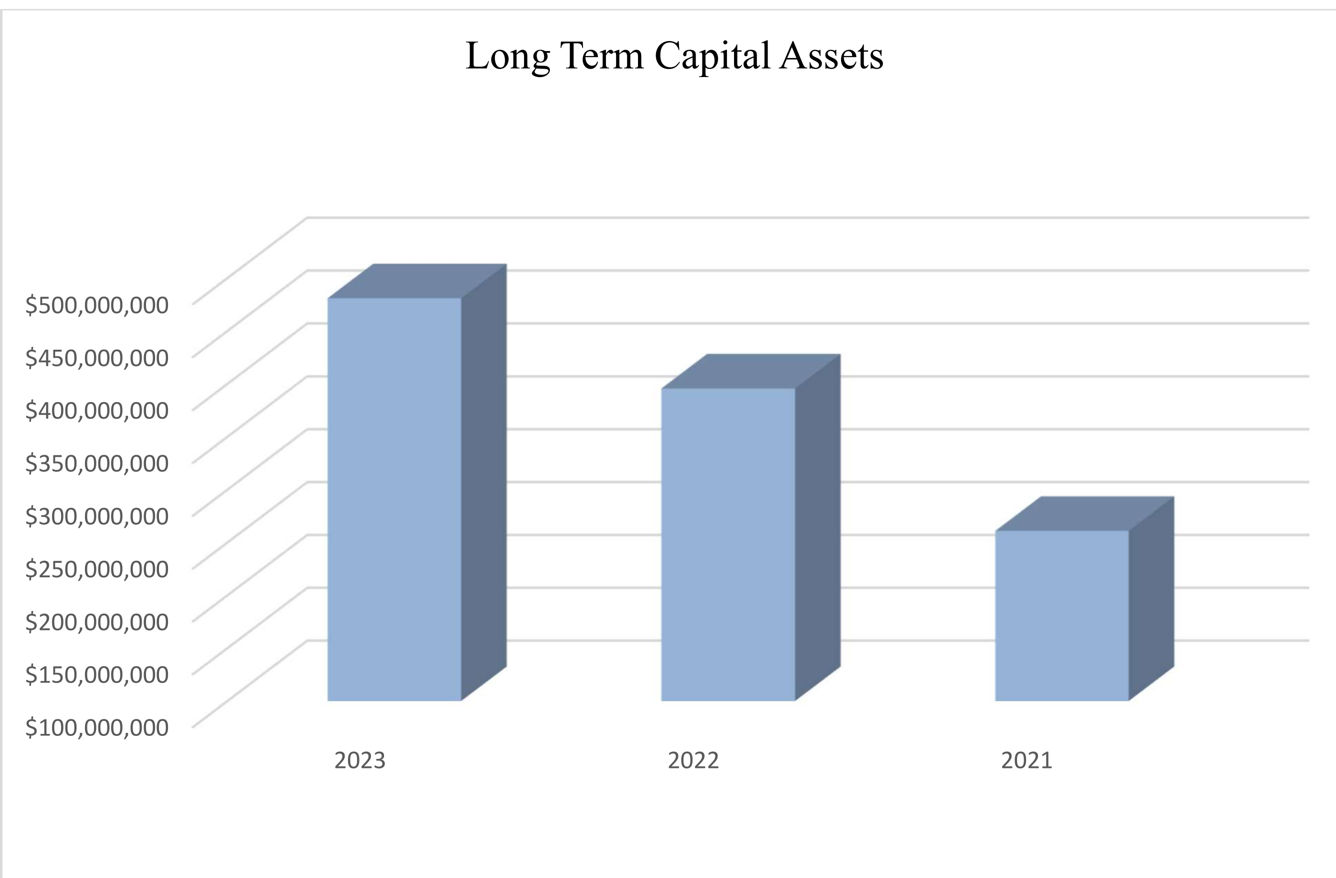
Capital Asset and Long-Term Debt Activity

As of August 31, 2023, 2022, and 2021 respectively, GBRA's total investment in Long-Term Capital Assets net of depreciation were $480,924,938; $395,720,054; and $261,056,284. These capital assets, which are shown in the long-term asset section of GBRA's Statement of Net Position, are comprised of a number of different types of assets, including water rights, dams, canals, water treatment plants, wastewater treatment plants, park facilities, hydroelectric plants, pipelines, and electric transmission infrastructure.

Capital Assets increased from FY 2021 to FY 2022 by 51.6%, or $134,663,770. The major projects during FY 2022 included the continuing construction of the Carrizo Groundwater Supply Project ($101.2 million), the Lake Dunlap dam project ($15.2 million), the Stein Falls project ($7.9 million), a plant expansion project within the Sunfield wastewater division ($2.7 million), the construction of an office building in New Braunfels, Texas ($4.8 million), and the continuation of the Dietz project ($1.2 million).

From FY 2022 to FY 2023, Capital Assets increased by $85.2 million, or 21.5%. The major projects during FY 2023 included the Carrizo project ($37.1 million), the dam and spillgate replacement projects at Lakes Dunlap, McQueeney, and Placid ($30.3 million), the Sunfield plant expansion project ($10.7 million), the construction of an office building in New Braunfels, Texas ($5.0 million), and the construction project at the Diversion Dam & Saltwater Barrier ($4.2 million).

The graph below depicts the increase in Long-Term Capital Assets.



GBRA's long-term debt is comprised of outstanding revenue bond issues, bank loans, and a loan from the United States Government related to the construction of Canyon Reservoir. The total revenue bonds outstanding, exclusive of bond discounts and premiums, as of August 31, 2023, 2022, and 2021 respectively were $527,118,432; $457,076,535; and $280,073,253. Between Fiscal Years 2021 and 2023, revenue bonds outstanding increased by a net amount of $247,045,179. This is related to the issuance of $111,920,000 in bonds in fiscal years 2022 and 2023 through the Texas Water Development Board for the construction of the Carrizo Groundwater Supply Project. Also, during FY 2022 and FY 2023, bonds totaling $78,440,000 were issued for construction and engineering costs for Lakes McQueeney and Placid dam and spillgates replacement projects. Additionally, bonds totaling $27,915,000 were issued during FY 2022 for the construction of the Stein Falls wastewater collection system expansion and the Dietz wastewater collection system as well as $9,810,000 for construction proceeds for the new office building in New Braunfels. In FY 2023, bonds in the amount of $26,640,000 were issued for an expansion of the Sunfield Wastewater Treatment Plant and bonds totaling $4,905,000 were sold for replacement of gates at the Diversion Dam & Saltwater Barrier.

GBRA's long-term loans outstanding as of fiscal years 2023, 2022 and 2021 respectively amounted to $2,397,198; $2,802,037; and $3,224,911. The declining loan balances are a result of the annual principal repayments on the various loans as well as the early payoff in FY 2021 of an equipment financing loan.

More information on GBRA's capital assets and long-term debt is available in Notes to the Financial Statements. Capital asset information is presented in Note E and information about long-term debt is available in Note B.

Infrastructure

GBRA recognizes all equipment and infrastructure with an original cost greater than $5,000 and with a life exceeding one year as Capital Assets. Since all of GBRA's activity is accounted for in an enterprise fund similar to the accounting for businesses, GBRA has always recorded the historical cost of Capital Assets and depreciated that cost over the estimated life of the asset.

GBRA has implemented an asset management program that helps to support the development of a comprehensive long-term capital improvement plan. The program includes a computer maintenance management system that allows for tracking and planning of preventive maintenance tasks in order to maximize the useful life of assets.

Other Potentially Significant Matters

The GBRA Board of Directors established a rate of $165 per acre-foot per year for committed, firm raw water effective September 1, 2022. Presently, GBRA contracts with approximately 100 customers throughout the GBRA basin to commit approximately 90,000 acre-feet of firm, raw water. Currently the source of this water is stored in Canyon Reservoir. The permitted yield of Canyon Reservoir is 90,000 acre-feet per year. GBRA has fully committed the Reservoir.

Questions concerning any of the information provided in this report should be addressed to the Executive Manager of Finance/Chief Financial Officer, 2225 E Common Street, New Braunfels, TX 78130.

GUADALUPE-BLANCO RIVER AUTHORITY

STATEMENTS OF NET POSITION

AUGUST 31, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS	2023	2022
Current Assets		
Unrestricted Assets		
Cash and Cash Equivalents	$ 28,742,410	$ 33,063,697
Investments-Unrestricted	26,210,151	11,492,224
Interest Receivable	154,850	63,357
Accounts Receivable-Operating	5,030,008	4,400,227
Current Portion Long Term Loans Receivable	125,288	115,288
Other Current Assets	822,035	873,907
Total Unrestricted Assets	61,084,742	50,008,700
Restricted Assets		
Cash and Cash Equivalents	3,785,778	1,549,752
Investments-Restricted	1,927,380	1,604,081
Interest Receivable	457,824	132,745
Total Restricted Assets	6,170,982	3,286,578
Total Current Assets	67,255,724	53,295,278
Long-Term Assets		
Restricted Assets		
Cash and Cash Equivalents	100,236,250	161,590,420
Investments-Restricted	49,390,941	2,720,516
Total Restricted Assets	149,627,191	164,310,936
Capital Assets		
Land, Water and Storage Rights	78,019,695	78,061,120
Dams, Plants and Equipment	216,189,831	222,546,283
Construction In Progress	295,851,638	204,792,218
Less Accumulated Depreciation	(109,136,226)	(109,679,567)
Total Capital Assets	480,924,938	395,720,054
Other Assets		
Long-Term Loans Receivable	4,158,885	4,305,657
Contract Development Costs (Net of Amortization)	-	-
Permits and Licenses (Net of Amortization)	292,290	314,211
Project Development Costs	8,188,081	8,188,081
Leased Assets	1,724,323	815,117
Less Accumulated Amortization on Leased Assets	(460,252)	(262,914)
Total Other Assets	13,903,327	13,360,152
Total Long-Term Assets	644,455,456	573,391,142
Total Assets	711,711,180	626,686,420
Deferred Outflows of Resources		
Loss on Bond Refunding	1,181,343	1,362,646
TCDRS Retirement Plan	2,123,539	1,569,682
Defined Benefit Pension Plan	5,247,930	1,711,642
Total Deferred Outflows of Resources	8,552,812	4,643,970
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 720,263,992	$ 631,330,390

LIABILITIES , DEFERRED INFLOWS AND NET POSITION	2023	2022
Current Liabilities		
Payable from Unrestricted Assets		
Current Portion of Long-Term Loans Payable	$ 416,835	$ 279,839
Interest Payable	14,703	19,367
Accounts Payable-Operating	17,275,319	22,105,635
Total Current Unrestricted Liabilities	17,706,857	22,404,841
Payable from Restricted Assets		
Current Portion of Revenue Bonds	14,865,000	9,745,000
Current Portion of Long-Term Loans Payable	-	125,000
Interest Payable	634,980	576,276
Total Current Restricted Liabilities	15,499,980	10,446,276
Total Current Liabilities	33,206,837	32,851,117
Long-Term Liabilities		
Revenue Bonds Payable, net	527,118,432	457,076,535
Long-Term Loans Payable	2,397,198	2,802,037
Long-Term Interest Payable	10,964,844	8,478,016
	540,480,474	468,356,588
Less Current Portion	(15,281,835)	(10,149,839)
Total Bonds and Loans Payable, net	525,198,639	458,206,749
Advances for Operations	130,047	158,297
Lease Liability	1,343,255	632,950
Net Pension Liability	10,326,222	1,171,358
Total Long-Term Liabilities	536,998,163	460,169,354
Total Liabilities	570,205,000	493,020,471
Deferred Inflows of Resources		
Unearned Revenue - Revenue Bonds	15,767,364	13,676,133
Unearned Revenue - Capital Contributions	1,671,316	1,190,606
TCDRS Retirement Plan	179,118	618,460
Defined Benefit Pension Plan	292,262	4,196,504
Total Deferred Inflows of Resources	17,910,060	19,681,703
Net Position		
Net Investments in Capital Assets	97,107,675	96,524,392
Restricted for Debt Service	5,713,158	3,153,833
Restricted for Reserves	1,669,458	1,630,105
Restricted for Rate Stabilization	3,655,325	3,279,819
Unrestricted	24,003,316	14,040,067
Total Net Position	132,148,932	118,628,216
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES OF NET POSITION	$ 720,263,992	$ 631,330,390

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Power Sales	$ 561,430	$ 1,553,522
Water Sales, Pipeline Transmission and Reservoir Operations	38,896,745	38,940,035
Recreation and Land Use	1,179,850	1,134,602
Waste Water Treatment Services	15,408,707	14,801,497
Laboratory Services	572,510	554,435
Miscellaneous	2,348,879	1,595,091
Total Operating Revenue	58,968,121	58,579,182
OPERATING EXPENSES		
Personnel Operating Costs	22,706,269	21,204,692
Operating Supplies and Services	24,286,337	21,610,241
Maintenance and Repairs	4,338,956	4,384,212
Depreciation and Amortization	5,887,642	6,054,683
Total Operating Expenses	57,219,204	53,253,828
Operating Income	1,748,917	5,325,354
NONOPERATING REVENUES (EXPENSES)		
Grant Income	2,256,702	1,375,986
Investment Income	9,807,261	1,059,113
Gain (Loss) on the Disposal of Capital Assets	270,059	581,503
Debt Issuance Expense	(1,199,026)	(2,524,733)
Interest Expense	(12,753,003)	(9,370,179)
Capacity Charge Revenue	15,356,926	9,402,155
Total Nonoperating Revenues (Expenses)	13,738,919	523,845
Income Before Recognition of Capital Contribution and Deferrals	15,487,836	5,849,199
Capital Contribution	124,110	281,654
Costs (Revenue) to be Recognized in Future Years	(2,091,230)	(1,591,597)
Change in Net Position	13,520,716	4,539,256
NET POSITION AT SEPTEMBER 1, 2022 and 2021	118,628,216	114,169,707
Restatement of Net Position	--	(80,747)
NET POSITION AT AUGUST 31, 2023 and 2022	$ 132,148,932	$ 118,628,216

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$ 58,420,646	$ 56,965,618
Cash Paid for Personnel Operating Costs	(21,985,132)	(21,831,743)
Cash Paid for Other Operating and Maintenance Costs	(33,481,250)	(17,554,439)
Net Cash Flows From Operating Activities	2,954,264	17,579,436
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Received from Grants	2,380,812	377,639
Cash Flows From Noncapital and Related Activities	2,380,812	377,639
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributed Capital	600,000	1,280,000
Capacity Charge Revenue	15,356,926	9,402,155
Proceeds from Revenue Bonds and Loans for Capital Assets and Plant Expansion	78,940,831	181,467,498
Proceeds from Sale of Capital Assets	1,997,277	581,503
Purchase of Capital Assets	(1,085,357)	(6,545,643)
Cash Paid for Construction in Progress and Project Development	(91,828,052)	(134,162,336)
Cash Paid for Debt Issuance Expense	(1,199,026)	(2,524,733)
Interest Paid	(10,204,012)	(6,447,580)
Principal Payments on Revenue Bonds	(9,745,000)	(6,760,000)
Principal Payments on Loans	(405,611)	(422,875)
Net Cash Flows From Capital and Related Financing Activities	(17,572,024)	35,867,989
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from Investments	2,207,315	9,445,461
Investment Income Received	9,427,462	927,747
Cash Paid for Investments	(62,837,211)	(14,804,711)
Net Cash Flows From (Used) by Investing Activities	(51,202,434)	(4,431,503)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (63,439,382)	$ 49,393,561
TOTAL CASH AND CASH EQUIVALENTS:		
At Beginning of Year	196,203,820	146,810,259
At End of Year	132,764,438	196,203,820
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,439,382)	49,393,561
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO STATEMENT OF NET POSITION:		
Cash and Cash Equivalents - Unrestricted	28,742,410	33,063,648
Cash and Cash Equivalents - Restricted	104,022,028	163,140,172
	132,764,438	196,203,820
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	$ 1,748,917	$ 5,325,354
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities:		
Depreciation and Amortization	5,892,436	6,054,683
Actuarially Determined Net Pension Expense	721,137	(627,051)
Net Change in Assets and Liabilities from Operating Activities:		
Operating Accounts Receivable	(629,779)	(1,613,564)
Other Current Assets	51,869	(100,984)
Operating Accounts Payable	(4,830,316)	8,540,998
Total Adjustments	1,205,347	12,254,082
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 2,954,264	$ 17,579,436

NON-CASH TRANSACTIONS SCHEDULE

The accompanying notes are an integral part of this statement.

GUADALUPE-BLANCO RIVER AUTHORITY
STATEMENTS OF FIDUCIARY NET POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
Investments		
Cash Equivalents	$ 2,084,030	$ 424,327
Equity Securities	4,158,723	20,454,450
Fixed Income Securities	--	9,467,853
Alternative Investments	25,721,065	9,605,363
Accrued Interest Receivable	12,902	5,762
Total Assets	$ 31,976,720	$ 39,957,755
FIDUCIARY NET POSITION		
Fiduciary Net Position		
Net Position Restricted for Pensions	31,976,720	39,957,755
Fiduciary Net Position	$ 31,976,720	$ 39,957,755

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
ADDITIONS		
Additions to Fiduciary Net Position		
Investment Income		
Net Gain (Loss) on Sale of Investments	$ (2,223,965)	$ 3,393,981
Interest Income	31,765	25,199
Dividends	563,009	548,992
Net Increase (decrease) in Fair Value of Investments	(4,716,190)	(551,181)
Other Security Receipts	58,235	22,744
Employer Contributions	800,000	942,428
Other Contributions - Plan Sponsor	35,000	35,000
Total Additions	$ (5,452,146)	$ 4,417,163
DEDUCTIONS		
Deductions to Fiduciary Net Position		
Benefits Paid to Participants	$ 2,528,889	$ 2,406,550
Net Increase (Decrease)	$ (7,981,035)	$ 2,010,613
FIDUCIARY NET POSITION		
Beginning of Period	$ 39,957,755	$ 37,947,142
Fiduciary Net Position - End of Period	$ 31,976,720	$ 39,957,755

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of Guadalupe-Blanco River Authority's (GBRA) more significant accounting policies is presented to assist the reader in interpreting the financial statements. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

1. **Reporting Entity.** Guadalupe-Blanco River Authority is a political subdivision of the State of Texas, created by the Texas Legislature in 1933 and amended in 1935 by Article 8280-106 Vernon's Texas Civil Statutes. GBRA is a separate self-supporting governmental unit serving a ten county area and is governed by a nine member board of directors who are appointed by the Governor of the State of Texas. The State of Texas does not have financial accountability over GBRA; therefore, GBRA is not a part of the State's financial reporting entity. In evaluating the governmental activities and entities to be included in the Authority's financial statements, the management has considered all potential component units. According to the criteria as set forth by the Governmental Accounting Standards Board and based upon the significance of their operational or financial relationships with the Authority there are no separate component units included in the financial statements.
2. **Fiduciary Funds**. The Fiduciary financial statements include one fiduciary fund related to the Retirement Plan for Employees of Guadalupe-Blanco River Authority. The Retirement Plan's reporting year ends December 31 so the Fiduciary fund financial statements are presented as of December 31. See Note C for additional information.
3. **Principles of Accounting.** The accompanying financial statements have been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.
4. **Fund Reporting.** GBRA's accounting system is one enterprise fund consisting of ten divisions and a fiduciary fund. These divisions account for the acquisition, construction, operation and maintenance of GBRA's facilities and services which are entirely or predominately self-supporting through charges to customers.
5. **Budgets and Budgetary Accounting.** GBRA is not required under its enabling act to adopt a budget; therefore, comparative statements of actual expenses to budgeted expenses are not included within the financial statements.
6. **Accounts Receivable.** GBRA considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operating expenses when that determination is made.
7. **Restricted Assets.** Contractually restricted cash, investments, interest receivable and accounts receivable balances are reported as separate line items in the asset section of the statement of net position. Such amounts are physically segregated from other enterprise fund assets pursuant to provisions of the applicable bond indentures. It is GBRA's policy to first apply restricted resources when an expense is incurred for which both unrestricted and restricted assets are available.
8. **Capital Assets.** Land, land rights, storage rights and water rights are not depreciated since these assets have an indefinite useful life. Property, plant and equipment are recorded at their historical cost. Contributed assets are recorded at acquisition value at the time of acquisition. GBRA Board Policy, 411-Capital Assets, provides guidelines for safeguarding and disposing of GBRA's capital assets. This policy identifies capital assets as all equipment and machinery with a useful life exceeding one year and with an original cost exceeding $5,000. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives as follows:

Asset	Service Lives	Depreciation Method
Dams, Plants & Structures	30-50 Years	Straight-Line
Equipment	3-30 Years	Straight-Line

9. **Other Assets.** Included within other assets are contract development costs, permits and licenses and project development costs. With the exception of project development costs, these assets are amortized on a straight-line basis over the life of the related contract, or license. Project development costs represent the capitalization of expenditures during the initial stage of a new project. These costs are accumulated until the viability of the new project is determined. If a project is determined to be viable, the costs are either transferred to capital or intangible assets. If a project is determined not to be viable, the costs are expensed.
10. **Unbilled Revenue.** Revenue relating to unbilled water and waste water treatment services has not been recognized since the amounts are immaterial.
11. **Administrative and General Charges.** The operating divisions of GBRA pay administrative and general charges to the General Division for the administrative oversight the General Division provides. These interdivision charges and revenues have been eliminated in the combined statements.
12. **Vacation and Sick Leave.** GBRA allows employees to accumulate vacation and sick leave within certain limitations. Pursuant to Governmental Accounting Standards Board pronouncements, GBRA does not accrue nor record as an expense non-vested sick leave rights. GBRA does record an operating expense and an operating liability for the value of vested vacation rights which as of August 31, 2023 and 2022 amounted to $1,167,841 and $1,228,877, respectively.
13. **Contingent Liabilities.** GBRA provides for contingent liabilities when it is probable a liability has been incurred and the amount of loss can be reasonably estimated. GBRA had no contingent liabilities on August 31, 2023 and August 31, 2022.
14. **Operating and Nonoperating Activities**. Proprietary funds, like GBRA, distinguish operating revenues and expenses from nonoperating revenues and expenses. Operating activities result from providing services in connection with GBRA's principal ongoing operations. GBRA's primary operating revenues include charges for water sales and reservoir operations, power sales, wastewater treatment services, and other services. Operating expenses include the costs of sales and services, general and administrative expenses, and depreciation expense. Nonoperating revenues and expenses are all other activities not meeting the above definitions.
15. **Management's Use of Estimates**. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, as well as, reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, realization of project development costs, and net pension liability. Actual results may differ from these estimates.
16. **Restricted Net Position.** GBRA recognizes net position restricted for future construction costs, debt service payments, and insurance in divisions or funds in which assets exceed the related liabilities in accordance with bond issue and debt covenants and other externally imposed restrictions.

17. **Long-Term Receivable**. GBRA recorded a long-term receivable that represents the refunding of the City of San Marcos 2006 Bond Issue that was used to expand the San Marcos Water Treatment Plant for the benefit of GBRA's IH35 customers. The IH35 customers are contracted to pay for the original bond issue as well as the refunding, while the plant asset remains with the City of San Marcos. This Long Term Receivable is recorded in Other Assets. The repayment schedule mirrors the amortization of Contract Revenue Refunding Bonds, Series 2016, San Marcos Water Treatment Plant Project with a final maturity date of 2036.
18. **Long-Term Loans Payable and Revenue Bonds Payable**. Long-term debt and other obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year end for premiums and discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for the loss on refunding is shown as a deferred outflow in the statement of net position.
19. **Deferred Outflows/Inflows.** A deferred outflow of resources represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense) until that future time. A deferred inflow of resources represent an acquisition of net assets that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until the future time.
20. **Net Pension Liability.** A net pension liability is recorded in accordance with GASB Statement No. 68*, Accounting and Financial Reporting for Pensions-an Amendment to GASB Statement No. 27.* The liability is the difference between the actuarial total pension liability and the Plan's fiduciary net position as of the measurement date. The net pension liability on the Defined Benefit Pension Plan was $8,861,550 and $321,484 at August 31, 2023 and 2022, respectively. GBRA joined the Texas County and District Retirement System (TCDRS) in January 2019. The net pension liability for TCDRS at August 31, 2023 and 2022 was $1,464,672 and $849,874, respectively. For additional information see Note C.
21. **Regulatory Revenue/Expenses.** Revenue and expenses that will be recognized in future years by setting rates sufficient to provide funds for the related debt service are recognized in the Statement of Net Position as Deferred Inflows of Resources and Other Assets, respectively.
22. **Comparative Data.** Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.
23. **Effects of New Accounting Standards on Current Period Financial Statements.**

    GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* was adopted during the 2023 fiscal year. The statement is based on the principle that SBITAs are financing arrangements of the right to use another party's information technology software, alone or in combination with tangible capital assets. It establishes a right-to-use SBITA asset and a subscription liability. GBRA did not identify any material subscription-based information technology arrangements during the fiscal year. GASB Statement No. 87, *Leases* was adopted during the 2023 fiscal year due to agreements entered during the fiscal year. The statement establishes a single model for lease accounting based on the principle that leases are financing activities of the right to use an underlying asset.

    GASB has approved *Omnibus 2022,* Statement No. 100, *Accounting Changes and Error Corrections, and* Statement No. 101, *Compensated Absences.* When they become effective, application of these standards may restate portions of these financial statements.

NOTE B - LONG TERM LIABILITIES

GBRA currently has $525,037,198 of debt outstanding from long-term loans and revenue bonds. This is exclusive of defeasance, discounts and premiums associated with these bonds.

GBRA utilizes interdivisional loans from the General Division to operating divisions to provide temporary cash flow assistance, cover start up operating transitions and minor capital purchases in lieu of securing external financing. The operating divisions repay these non-interest bearing loans back to the General Division as cash flows suffice. These interdivisional loans are not reflected in the tables below.

The loans and revenue bonds outstanding at August 31, 2023 mature serially through 2056 as follows:

	LONG-TERM LOANS				REVENUE BONDS			
Year Ending August 31	Total	Interest	Principal	Balance of Principal Outstanding	Total	Interest	Principal	Balance of Principal Outstanding
				$2,397,198				$522,640,000
2024	487,320	70,485	416,835	1,980,363	27,977,834	13,112,834	14,865,000	507,775,000
2025	487,895	58,889	429,006	1,551,357	28,470,139	13,060,139	15,410,000	492,365,000
2026	488,302	46,945	441,357	1,110,000	29,033,589	13,068,589	15,965,000	476,400,000
2027	179,653	34,653	145,000	965,000	30,379,657	13,029,657	17,350,000	459,050,000
2028	174,810	29,810	145,000	820,000	30,281,183	12,931,183	17,350,000	441,700,000
2029	174,883	24,883	150,000	670,000	30,352,315	12,707,315	17,645,000	424,055,000
2030	179,706	19,706	160,000	510,000	29,937,722	12,352,722	17,585,000	406,470,000
2031	179,279	14,279	165,000	345,000	30,420,060	12,620,060	17,800,000	388,670,000
2032	178,684	8,684	170,000	175,000	30,793,615	12,853,615	17,940,000	370,730,000
2033	177,923	2,923	175,000	--	30,768,515	12,443,515	18,325,000	352,405,000
2034					26,544,656	12,009,656	14,535,000	337,870,000
2035					26,544,873	11,654,873	14,890,000	322,980,000
2036					26,321,664	11,276,664	15,045,000	307,935,000
2037					25,110,047	10,885,047	14,225,000	293,710,000
2038					23,276,150	9,881,150	13,395,000	280,315,000
2039					24,358,006	8,903,006	15,455,000	264,860,000
2040					24,953,915	8,458,915	16,495,000	248,365,000
2041					25,368,260	7,988,260	17,380,000	230,985,000
2042					26,067,688	7,477,688	18,590,000	212,395,000
2043					26,045,405	6,915,405	19,130,000	193,265,000
2044					26,038,143	6,343,143	19,695,000	173,570,000
2045					26,022,815	5,737,815	20,285,000	153,285,000
2046					26,025,162	5,115,162	20,910,000	132,375,000
2047					26,013,426	4,453,426	21,560,000	110,815,000
2048					25,973,920	3,763,920	22,210,000	88,605,000
2049					24,541,977	3,046,977	21,495,000	67,110,000
2050					24,008,576	2,358,576	21,650,000	45,460,000
2051					20,744,884	1,654,884	19,090,000	26,370,000
2052					13,060,429	975,429	12,085,000	14,285,000
2053					7,899,681	489,681	7,410,000	6,875,000
2054					4,374,175	219,175	4,155,000	2,720,000
2055					1,738,612	83,612	1,655,000	1,065,000
2056						34,826	1,065,000	--
	$ 2,708,455	$ 311,257	$ 2,397,198		$ 779,447,093	$ 257,906,919	$ 522,640,000	

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

GBRA had the following changes in long-term liabilities for the fiscal years ended August 31, 2023 and 2022.

Series	Date of Issue	Final Maturity	Effective Interest Rate	Original Amount	Outstanding 8/31/2021	Additions During FY 2022	Retired During FY 2022	Outstanding 8/31/2022	Additions During FY 2023	Retired During FY 2023	Outstanding 8/31/2023	Amounts Due Within One Year	
OBLIGATIONS PAYABLE DIRECTLY BY GBRA													
GUADALUPE VALLEY HYDROELECTRIC DIVISION													
Lake Placid Dam Contract Revenue Bonds, 2021 *	06/18/2021	2050	0.60-2.07%	$ 1,560,000	$ 1,560,000	$ --	$ --	$ 1,560,000	$ --	$ --	$ 1,560,000	$ 50,000	(1)
RURAL UTILITIES DIVISION													
Regions Loan, Stein Falls Collection System-033 *	03/15/2012	2032	3.34%	2,600,000	1,760,000	--	120,000	1,640,000	--	125,000	1,515,000	130,000	
General Improvement Revenue Bonds, 2021 Stein Falls	10/06/2021	2051	4.00%	21,400,000	--	21,400,000	--	21,400,000	--	--	21,400,000	--	
General Improvement Revenue Bonds, 2021 Dietz	10/06/2021	2051	4.00%	6,515,000	--	6,515,000	--	6,515,000	--	--	6,515,000	--	
General Improvement Revenue Bonds, 2022 Sunfield	11/30/2022	2052	5.0-6.0%	26,640,000	--	--	--	--	26,640,000	--	26,640,000	--	
WATER RESOURCE DIVISION													
U. S. Government Loan *	01/01/1977	2026	2.5%	8,979,862	1,435,051	--	273,014	1,162,037	--	279,839	882,198	286,835	
General Improvement Revenue Bonds, 2012 *	04/05/2012	2031	0.14-1.86%	4,400,000	2,390,000	--	225,000	2,165,000	--	230,000	1,935,000	230,000	
General Improvement Revenue Bonds, 2015 *	11/15/2015	2035	1.83-3.17%	2,000,000	2,000,000	--	--	2,000,000	--	--	2,000,000	145,000	
General Improvement Revenue Refunding Bonds, 2020	08/18/2020	2030	2.0-3.0%	5,300,000	5,300,000	--	505,000	4,795,000	--	710,000	4,085,000	725,000	(2)
General Improvement Revenue Bonds, 2022 NB Office	05/24/2022	2052	2.6-4.0%	9,810,000	--	9,810,000	--	9,810,000	--	--	9,810,000	--	
General Improvement Revenue Bonds, 2022A SW Barrier	12/15/2023	2052	5.0-5.5%	4,905,000	--	--	--	--	4,905,000	--	4,905,000	75,000	
Total Obligations Payable Directly by GBRA				$ 94,109,862	$ 14,445,051	$ 37,725,000	$ 1,123,014	$ 51,047,037	$ 31,545,000	$ 1,344,839	$ 81,247,198	$ 1,641,835	
CONTRACT REVENUE BONDS AND LOANS													
GUADALUPE VALLEY HYDROELECTRIC DIVISION													
Lake Dunlap Dam Contract Revenue Bonds, 2021 *	01/14/2021	2050	0.0-0.29%	$ 40,000,000	$ 40,000,000	$ --	$ --	$ 40,000,000	$ --	$ 1,420,000	$ 38,580,000	$ 1,420,000	(1)
Lake McQueeney Dam Contract Revenue Bonds, 2021 *	12/08/2021	2051	0.60-2.13%	40,000,000	--	40,000,000	--	40,000,000	--	--	40,000,000	1,260,000	(1)
Lake Placid Dam Contract Revenue Bonds, 2022 *	02/10/2022	2051	0.60-2.13%	30,935,000	--	30,935,000	--	30,935,000	--	940,000	29,995,000	945,000	(1)
Lake Placid Dam Contract Revenue Bonds, 2023 *	07/20/2023	2053	1.95-3.45%	7,505,000	--	--	--	--	7,505,000	--	7,505,000	5,000	(1)
WATER RESOURCE DIVISION													
RRWDS Combination Contract Revenue Bonds, 2007B	09/15/2007	2039	7.10%	5,775,000	4,680,000	--	135,000	4,545,000	--	145,000	4,400,000	155,000	
RRWDS Contract Rev Ref Bonds-San Marcos, 2010	08/01/2010	2024	2.0-3.25%	$6,895,000	1,765,000	--	565,000	1,200,000	--	585,000	615,000	615,000	(3)
IH35 Project Comb. Contract Revenue Bonds, 2013	04/17/2013	2037	2.0-5.0%	19,470,000	14,305,000	--	660,000	13,645,000	--	690,000	12,955,000	730,000	(4)
San Marcos WTP Revenue Bonds, 2016	11/22/2016	2036	2.0-5.0%	4,850,000	4,470,000	--	95,000	4,375,000	--	100,000	4,275,000	110,000	(5)
RRWDS Contract Revenue Refunding Bonds, 2017	07/20/2017	2039	2.0-4.0%	7,745,000	6,700,000	--	270,000	6,430,000	--	275,000	6,155,000	290,000	(6)
Western Canyon Contract Revenue Ref. Bonds, 2020	10/15/2020	2036	0.283-2.534%	55,540,000	52,530,000	--	4,005,000	48,525,000	--	4,020,000	44,505,000	4,045,000	(7)
Carrizo General Contract Revenue Bonds, 2018A *	11/15/2018	2048	2.41-4.28%	12,030,000	12,030,000	--	--	12,030,000	--	--	12,030,000	265,000	(8)
Carrizo General Contract Revenue Bonds, 2018B *	11/15/2018	2048	1.89-3.52%	11,895,000	11,895,000	--	--	11,895,000	--	320,000	11,575,000	335,000	(8)
Carrizo TWDB Master Repurchase Agreement, 2018 *	11/15/2018	2053	3.95-4.36%	34,285,000	34,285,000	--	--	34,285,000	--	--	34,285,000	--	(8)
Carrizo General Contract Revenue Bonds, 2019 *	11/01/2019	2049	1.10-2.77%	9,740,000	9,740,000	--	--	9,740,000	--	--	9,740,000	295,000	(8)
Carrizo TWDB Master Repurchase Agreement, 2019 *	11/01/2019	2054	3.27-3.46%	30,260,000	30,260,000	--	--	30,260,000	--	--	30,260,000	--	(8)
Carrizo General Contract Revenue Bonds, 2020 *	11/17/2020	2050	0.22-2.51%	34,900,000	34,900,000	--	--	34,900,000	--	--	34,900,000	1,085,000	(8)
Carrizo TWDB Master Repurchase Agreement, 2020 *	11/17/2020	2055	2.40-3.09%	7,595,000	7,595,000	--	--	7,595,000	--	--	7,595,000	--	(8)
Carrizo General Contract Revenue Bonds, 2021 *	11/18/2021	2051	0.31-2.75%	59,135,000	--	59,135,000	--	59,135,000	--	--	59,135,000	1,765,000	(8)
Carrizo TWDB Master Repurchase Agreement, 2021 *	11/18/2021	2056	2.65-3.27%	13,115,000	--	13,115,000	--	13,115,000	--	--	13,115,000	--	(8)
Carrizo TWDB Contract Revenue Bonds, 2022 *	11/18/2022	2052	2.92-4.22%	39,670,000	--	--	--	--	39,670,000	--	39,670,000	--	(9)
PORT LAVACA WATER TREATMENT PLANT DIVISION													
Frost National Bank, Clearwell *	03/04/2008	2022	4.00%	400,000	29,860	--	29,860	--	--	--	--	--	
LULING WATER TREATMENT PLANT DIVISION													
Contract Revenue Refunding Bonds (City of Lockhart), 20	02/26/2014	2030	2.45%	4,950,000	3,110,000	--	300,000	2,810,000	--	310,000	2,500,000	320,000	(10)
Total Contract Revenue Bonds and Loans				$ 476,690,000	$ 268,294,860	$ 143,185,000	$ 6,059,860	$405,420,000	$ 47,175,000	$ 8,805,000	$ 443,790,000	$13,640,000	
Total Bonds & Loans Payable Prior to Defeasance and Accretion of Interest					$282,739,911			$456,467,037			$525,037,198		

* Direct Borrowing or Direct Placement Issue

	8/31/2022	8/31/2023
Total Bonds and Loans Payable Prior to Defeasance and Accretion of Interest	$456,467,037	$525,037,198
Less Revenue Bond Discounts and Deferred Defeasance	(280,380)	(257,375)
Plus Revenue Bond Premiums	3,691,915	4,735,807
Plus Deferred Interest Payable	8,478,016	10,964,844
Net Revenue Bonds and Long-Term Loans Payable	468,356,588	540,480,474
Less Current Portion	(10,149,839)	0
TOTAL BONDS AND LOANS PAYABLE	$458,206,749	$540,480,474

INTERDIVISION LOANS ELIMINATED FROM COMBINED BALANCE SHEET

Long-term loans payable to the General Division are as follows:	8/31/2022	8/31/2023
GuadalupeValley Hydroelectric Division	$8,488,367	$8,906,193
Rural Utilities Division	1,649,799	1,000,000
Port Lavaca WTP Division	800,268	--
Canyon Hydroelectric Division	285,980	151,900
Total Long-term loans payable to the General Division	$11,224,414	$10,058,093

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

1. GBRA secured financial assistance from TWDB Clean Water State Revolving Fund (CWSRF) to finance the design and construction of certain stormwater improvements for Lake Dunlap Dam with Series 2021 Contract Revenue Bonds in the amount of $40,000,000; issued Series 2021A Contract Revenue Bonds in the amount of $1,560,000 in FY 2021, $30,935,000 in FY 2022, and $7,505,000 in FY 2023 for the total authorized $40,000,000 from TWDB CWSRF for Lake Placid Dam planning, design and; issued $40,000,000 from TWDB CWSRF in FY 2022 for the financing the design and construction for the Lake McQueeney Dam.

2. GBRA issued in Fiscal Year 2020 General Improvement and Refunding Revenue Bonds, Series 2020. These bonds were issued to retire the General Improvement Revenue Bonds, Series 2011 which were issued for the expansion of the office facilities and to provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. The refunding of the 2011 General Improvement Revenue Bonds produced an economic savings of $898,525. Bonds outstanding that are considered defeased as a result of the 2020 refunding are $0.

3. GBRA issued in Fiscal Year 2011 Regional Raw Water Delivery System Contract Revenue Refunding Bonds, Series 2010 (City of San Marcos portion). These bonds were issued to retire the 1998 bonds, except for the September 1, 2010 payment of $340,000. As a result of the refunding, GBRA reduced its total debt service requirement by $842,606 and produced a net present value savings (economic gain) of $848,929. Bonds outstanding that are considered defeased as a result of the 2011 refunding are $0.

4. GBRA issued in Fiscal Year 2013 Contract Revenue Refunding Bonds (IH35 Treated Water Delivery Bonds), Series 2013. These bonds were issued to retire the Series 2004 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by $4,307,567 and produced a net present value savings (economic gain) of $2,877,554. Bonds outstanding that are considered defeased as a result of the 2013 refunding are $0.

5. GBRA issued in Fiscal Year 2017 Contract Revenue Refunding Bonds (San Marcos Water Treatment Plant Project), Series 2016. As a result of the refunding, GBRA reduced its total debt service requirements by $1,371,317 and produced a net present value savings (economic gain) of $1,031,267. Bonds outstanding that are considered defeased as a result of the 2016 refunding are $0.

6. GBRA issued in Fiscal Year 2017 Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (Regional Raw Water Delivery System Expansion Project). As a result of the refunding, GBRA reduced its total debt service requirements by $2,049,534 and produced a net present value savings (economic gain) of $1,418,630. Bonds outstanding that are considered defeased as a result of the 2017 refunding are $0.

7. GBRA issued in Fiscal Year 2021 Contract Revenue Refunding Bonds, Series 2020 (Western Canyon Regional Water Supply Project) totaling $55,540,000. These bonds were issued to retire the 2013A, 2013B and 2017 Contract Revenue Bonds. As a result of the refunding GBRA reduced its total debt service requirements by $4,367,028 and produced a net present value savings (economic gain) of $4,202,086. Bonds outstanding that are considered defeased as a result of the 2021 refunding are $0.

8. GBRA utilized a multi-year financial assistance from TWDB to ultimately total $49,205,000 from the State Water Implementation Revenue Fund of Texas (SWIRFT) and $116,650,000 in Board Participation funds for the development of the Carrizo Groundwater project. The TWDB approved an amendment to the commitment amounts on July 22, 2021 adjusting the total financial assistance to $127,700,000 from SWIRFT funds and to $85,255,000 from Board Participation for the project. In Fiscal Year 2019, Contract Revenue Bonds Series 2018A (deferred) and 2018B (low-interest) were issued for $12,030,000 and $11,895,000, respectively and $34,285,000 was issued from the TWDB Master Agreement. In Fiscal Year 2020, Contract Revenue Bonds Series 2019 (low-interest) were issued for $9,740,000 and $30,260,000 was issued from the TWDB Master Agreement. In Fiscal Year 2021, Contract Revenue Bonds Series 2020 (low-interest) were issued for $34,900,000 and $7,595,000 was issued from the TWDB Master Agreement. In Fiscal Year 2022, Contract Revenue Bonds Series 2021 (low-interest) were issued for $59,135,000 and $13,115,000 was issued from the TWDB Master Agreement.

9. GBRA utilitzed a multi-year financial assistance from TWDB to ultimately total $112,335,000 from the State Water Implementation Revenue Fund of Texas (SWIRFT) for the expansion project costs for the Carrizo Groundwater project. In Fiscal Year 2023, Contract Revenue Bonds Series 2022 (low-interest) were issued for $39,670,000 with the remaining funds of $72,665,000 being issued in FY 2024.

10. GBRA issued in Fiscal Year 2014 Treated Water Delivery System Contract Revenue Refunding Bonds, Series 2014 (City of Lockhart Project). These bonds were issued to retire the Series 2004 bonds. As a result of the refunding, GBRA reduced its total debt service requirements by $634,189 and produced a net present value savings (economic gain) of $478,361. Bonds outstanding that are considered defeased as a result of the 2014 refunding are $0.

NOTE B – LONG-TERM LIABILITIES (CONTINUED)

The following represents direct borrowing and placement obligations held by GBRA:

	Direct Borrowing & Direct Placement		Other Bonds		Total Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 7,800,000	$ 7,792,940	$ 7,065,000	$ 5,319,894	$ 14,865,000	$ 13,112,834
2025	8,065,000	7,874,967	7,345,000	5,185,172	15,410,000	13,060,139
2026	8,130,000	8,039,637	7,835,000	5,028,952	15,965,000	13,068,589
2027	9,220,000	8,198,359	8,130,000	4,831,298	17,350,000	13,029,657
2028	9,310,000	8,320,649	8,040,000	4,610,534	17,350,000	12,931,183
2029-2033	47,470,000	43,595,522	41,825,000	19,381,705	89,295,000	62,977,227
2034-2038	49,550,000	42,408,687	22,540,000	13,298,704	72,090,000	55,707,391
2039-2043	72,665,000	30,592,894	14,385,000	9,150,383	87,050,000	39,743,277
2044-2048	87,790,000	19,715,166	16,870,000	5,698,302	104,660,000	25,413,468
2049-2053	67,005,000	6,905,297	14,725,000	1,620,250	81,730,000	8,525,547
2054-2056	6,875,000	337,613	--	--	6,875,000	337,613
Total	$ 373,880,000	$ 183,781,731	$ 148,760,000	$ 74,125,194	$ 522,640,000	$ 257,906,925

The various bond indentures, resolutions and agreements provide for the establishment of separate restricted accounts for debt service retirement, construction, contingencies, etc. These accounts are reported as restricted assets in the accompanying financial statements. The bond indentures contain flow of funds requirements which generally provide the order in which funds are to be applied. These requirements have been met. The following bond indentures of GBRA contain bond coverage requirement provisions: 1) Contract Revenue Bonds (IH35), Series 2013; 2) Combined Contract Revenue Bonds (RRWDS), Series 2007B; 3) RRWDS Contract Revenue Refunding Bonds (City of San Marcos), Series 2010; 4) Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (RRWDS); 5) Contract Revenue Refunding Bonds, Series 2020 (Western Canyon Regional WSP); and 6) General Improvement and Refunding Revenue Bonds, Series 2020, 2021, 2022, & 2022A.

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

1. **PLAN DESCRIPTION**

GBRA contributes to the Retirement Plan for Employees of Guadalupe-Blanco River Authority which was established June 1, 1966, and restated effective January 1, 2013. The Plan is a single employer, non-contributory, defined benefit plan. The Plan's benefit provisions were established and may be amended by GBRA's Board of Directors. The Plan is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to nor can it utilize assets within the Retirement Plan Trust. The plan issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Retirement and Benefit Committee at 2225 E Common Street, New Braunfels, TX 78130. See that report for all information about the plan fiduciary net position. The plan's fiduciary net position in these statements has been determined on the same basis as the plan. The plan was closed as of December 31, 2010 to new participants. As of December 31, 2018, the plan was frozen. The plan year is based on a calendar year ending December 31.

2. **BENEFITS PROVIDED**

All full-time GBRA employees who were hired before January 1, 2011 participate in the plan. Effective December 31, 2018, the plan was amended to be frozen and to provide a supplemental benefit in addition to the frozen accrued benefit as of December 31, 2018. The supplemental benefit is designed to make up for the difference between (a) the projected benefit if the plan were to continue as it was before the amendment and (b) the sum of (i) the frozen accrued benefit in the plan and (ii) the employer-funded portion of the benefit in a plan in the Texas County and District Retirement System (TCDRS) that began January 1, 2019. Employees are 100% vested in the frozen accrued benefit. Normal retirement age is 65. An unreduced benefit is also provided for retirement at ages 60 to 64 with the sum of age and service equal to or greater than 85. The plan also provides benefits for early and late retirement, death, and disability. The retirement benefit at normal retirement is equal to 1.3% of final average earnings times the number of years of credited service. The normal form of payment is a ten (10) year certain and lifetime monthly benefit. Other lifetime monthly benefit optional forms are available, but there is no partial lump sum option. There is no provision for automatic postretirement benefit increases. The plan has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

3. **MEMBERS COVERED BY THE PLAN**

In the January 1, 2023 and January 1, 2022 actuarial valuations, the following numbers of employees were covered by the plan:

	1/1/2023	1/1/2022
Inactive employees or beneficiaries currently receiving benefits	117	110
Inactive employees entitled to but not yet receiving benefits	39	37
Active Employees	50	60
	206	207

4. **FUNDING POLICY**

The GBRA Board of Directors has sole authority to establish or amend the obligations to contribute to the plan by participants or the employer. Employees are not required to contribute to the plan. GBRA management intends to fully fund the plan in not more than 10 years beginning January 1, 2019, expecting to contribute more in the first few years than the minimum required amount to fully fund the plan with level dollar payments over that 10-year period. GBRA will contribute at least the minimum amount each year, usually in December, that will amortize the unfunded actuarial liability (UAL) over the 10-year closed period. All of the costs of administering the plan, except investment management fees, are paid by GBRA and are not considered in the determination of the employer contribution.

Based on this funding policy, the actuaries' recommended minimum contribution for the plan year ending December 31, 2022 was $708,115 payable as of December 31, 2022 and for plan year ending December 31, 2021 was $942,428 payable as of December 31, 2021. This amount was expected to amortize the UAL as a level dollar amount over the 10-year period that began January 1, 2019. In October 2022, GBRA contributed $800,000, more than the recommended $708,115. In December 2021, GBRA contributed the $942,428.

Ultimately, the funding policy also depends upon the total return of the plan's assets, which varies from year to year. Investment policy decisions are established and maintained by the Retirement and Benefit Committee. The committee selects and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the years ending December 31, 2022 and December 31, 2021 the money-weighted rate of return on pension plan investments was (16.19)% and 9.36% respectively. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

5. **INVESTMENT POLICY**

The Plan's investment policy was adopted and may be amended by the Retirement and Benefit Committee of the Guadalupe-Blanco River Authority. The policy outlines the prudent and acceptable investment philosophy of the Plan to make clear the understanding of the investment objectives and management practices. The Plans single investment objective is to achieve the actuarial assumed rate of return over a reasonable period of time while maintaining sufficient liquidity to timely meet all payment obligations of the Plan. There were no changes to the policy during 2022 and 2021.

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

6. **INVESTMENT RISK**

State and local governments have deposits and investments that are subject to various risks. GASB Statement No. 40, *Deposit and Investment Risk Disclosures–an amendment of GASB Statement Number 3*, provides disclosure requirements related to deposit and investment risk: custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank or counterparty failure, the Plan's deposits or investments might not be recovered. At December 31, 2022 and 2021 the Plan did not maintain any depository accounts and all investment securities held by custodians were registered in the Plan's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plan's Investment Policy Statement manages credit risk for the Global Fixed Income portfolio by requiring minimum credit ratings. The minimum quality rating on all issues in which the Plan may invest is BBB- or the security must be a government bond or a bond of a supranational authority which does not have a recognized credit rating. For investment grade fixed income managers the weighted average credit quality of the portfolio must be at least A-. The minimum requirements for fund managers may be waived in advance by the Plan's investment oversight committee.

As of December 31, 2022 and 2021, the pension investments subject to credit risk were rated as follows:

		Weighted Average Maturity in Years (WAM)			
		12/31/2022		12/31/2021	
Investment	Rating	Fair Value	WAM	Fair Value	WAM
Brandywine Portfolio	A	$ 2,045,354	15.41	$ 2,761,742	8.19
Johnson Institutional Core Bond Fund	A+	3,599,409	8.20	4,590,560	7.90
Aberdeen Emerging Markets Debt Fund	Not Rated	--	--	2,094,629	12.50

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan did not have any single issuer with 5% or more of the Plan's net position. The Plan's Investment Policy Statement establishes an asset allocation by class to mitigate the concentration of credit risk. The minimum and maximum authorized investment exposures to the various asset classes are as follows:

Asset Class	Exposure	Percentage of Plan
Domestic equities	Maximum	60%
	Minimum	25%
International equities	Maximum	25%
	Minimum	0%
Alternatives	Maximum	25%
	Minimum	0%
Real estate	Maximum	10%
	Minimum	0%
Global fixed income	Maximum	50%
	Minimum	20%
Short-term investments	Maximum	25%
	Minimum	0%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's Investment Policy Statement establishes an overall investment objective of achieving the actuarial assumed rate of return (6.25% and 6.50% in 2022 and 2021, respectively). The Plan's oversight committee will assess returns from investments against market indices weighted in proportion to the actual structure of the Plan portfolio. The investments' WAM as identified in the credit risk table above were the only investments subject to interest rate risk.

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan's investment policy statement limits investments in international equity holdings in one company of an investment manager's portfolio to 7%. As of December 31, 2022 and 2021, the fund had the following currency exposure as a percentage of the total funds and the Plan's exposure to any one currency should not exceed the following:

		Brandywine Holdings	
Currency	Max Exposure	12/31/2022	12/31/2021
Euro	70%	18.90%	5.40%
Japanese Yen	50%	22.50%	4.90%
British Sterling	40%	0.00%	0.01%
Other (Mexico Peso)	25%	3.00%	6.30%
Other (Australian Dollar)	25%	13.00%	5.20%
Other (Polish Zloty)	25%	0.00%	9.70%
Other (Chilean Peso)	25%	0.00%	8.60%

7. **INVESTMENT VALUATION AND INCOME RECOGNITION**

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the asset.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments in equity securities and fixed income securities are valued based on quoted market prices from active markets. Alternative investments and short-term investments are valued at net asset value at the date of the valuation. There have been no changes in methodologies used at December 31, 2022 and 2021.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

8. **FAIR VALUE OF INVESTMENTS**

	December 31, 2022	Level 1	Level 2	Level 3
Investments measured by fair value level:				
Equity securities	$ 15,445,678	$ 15,445,678	$ --	$ --
Fixed income	3,599,409	3,599,409	--	--
Total investments measured by fair value level	19,045,087	19,045,087	--	--
Investments measured at net asset value (NAV):				
Cash equivalents/short-term investment funds	2,084,030			
Fixed income	2,045,354			
Alternative investments	8,789,347			
Total investments measured at NAV	12,918,731			
Total	$ 31,963,818			

	December 31, 2021	Level 1	Level 2	Level 3
Investments measured by fair value level:				
Equity securities	$ 20,454,450	$ 20,454,450	$ -	$ --
Fixed income	6,685,189	6,685,189	--	--
Total investments measured by fair value level	27,139,639	27,139,639	-	--
Investments measured at net asset value (NAV):				
Cash equivalents/short-term investment funds	424,327			
Fixed income	2,782,664			
Alternative investments	9,605,363			
Total investments measured at NAV	12,812,354			
Total	$ 39,951,993			

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

9. NET PENSION LIABILITY

The net pension liability was measured as of December 31, 2022, and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 and 2022.

	1/1/2023	1/1/2022
Total pension liability	$ 40,838,270	$ 40,279,239
Plan fiduciary net position	31,976,720	39,957,755
Employer's net pension liability	$ 8,861,550	$ 321,484
Plan fiduciary net position as a percentage of total pension liabili	78.30%	99.20%

Actuarial Assumptions

The total pension liability in the January 1, 2023 and 2022 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

January 1, 2023		
Inflation	2.75	percent
Salary increases	3.50	percent, plus merit and promotion increases that vary by age and service
Investment rate of return	6.25	percent, net of pension plan investment expense, including inflation
January 1, 2022		
Inflation	2.75	percent
Salary increases	3.00	percent, plus merit and promotion increases that vary by age and service
Investment rate of return	6.50	percent, net of pension plan investment expense, including inflation

Mortality rates were based on the PubG-2010 total dataset tables for employees and for retirees, projected for mortality improvement generationally using the projection scale MP-2018.

The long-term expected rate of return on pension plan investments is reviewed annually and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.33%) and by adding expected inflation (2.75%). In addition, the final 6.25% assumption was selected by "rounding down" and thereby reflects a reduction of 0.83% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return 12/31/22	Long-Term Expected Net Real Rate of Return 12/31/21
Equities			
Large cap domestic	30%	5.58%	5.58%
Small cap domestic	7	5.85	5.85
International developed	12	6.68	5.87
Emerging markets	3	7.40	7.40
Hedge fund of funds	12	2.55	2.55
Real estate	10	4.00	4.00
Fixed income	26	1.99	1.99
Cash	0	0.00	0.00
Total	100%		
Weighted Average		4.33%	4.23%

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2022 and December 31, 2021 was 6.25% and 6.25%, respectively. No projection of cash flows was used to determine the discount rate because the January 1, 2023 actuarial valuation showed that expected contributions would amortize the unfunded actuarial liability (UAL) in the remaining six years of the closed amortization period. Because of the six-year amortization period of the UAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.25% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability for FY 2023 and FY 2022 calculated using the stated discount rate in the table below, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	January 1, 2023		
	1% Decrease	Current Discount Rate	1% Increase
	5.25%	**6.25%**	**7.25%**
Employer's Net Pension Liability	$13,127,813	$8,861,550	$5,254,468

	January 1, 2022		
	1% Decrease	Current Discount Rate	1% Increase
	5.25%	**6.25%**	**7.25%**
Employer's Net Pension Liability	$4,689,589	$321,484	($3,360,311)

Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the plan. Detailed information about the plan fiduciary net position is available in the plan's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

10. CHANGES IN THE NET PENSION LIABILITY

FY 2023	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Amounts as of August 31, 2022	$ 40,279,239	$ 39,957,755	$ 321,484
Changes for the year:			
Interest	2,438,425	--	2,438,425
Differences between expected and actual	649,495	--	649,495
Contributions by the employer	--	835,000	(835,000)
Net investment income	--	(6,287,146)	6,287,146
Benefit payments	(2,528,889)	(2,528,889)	--
Assumption changes	--	--	--
Net changes	559,031	(7,981,035)	8,540,066
Amounts as of August 31, 2023	$ 40,838,270	$ 31,976,720	$ 8,861,550

Measurements for the fiscal year ended August 31, 2022 were taken as of December 31, 2021

Measurements for the fiscal year ended August 31, 2023 were taken as of December 31, 2022

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

10. CHANGES IN THE NET PENSION LIABILITY (cont'd)

FY 2022	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Amounts as of August 31, 2021	$ 39,731,531	$ 37,947,141	$ 1,784,390
Changes for the year:			
Interest	2,504,337	--	2,504,337
Differences between expected and actual	(907,550)	--	(907,550)
Contributions by the employer	--	977,428	(977,428)
Net investment income	--	3,439,736	(3,439,736)
Benefit payments	(2,406,550)	(2,406,550)	--
Assumption changes	1,357,471	--	1,357,471
Net changes	547,708	2,010,614	(1,462,906)
Amounts as of August 31, 2022	$ 40,279,239	$ 39,957,755	$ 321,484

Measurements for the fiscal year ended August 31, 2021 were taken as of December 31, 2020

Measurements for the fiscal year ended August 31, 2022 were taken as of December 31, 2021

11. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the years ended August 31, 2023 and 2022, the GASB 68 pension expense was $1,934,536 and $374,881, respectively. Amounts recognized in the fiscal year represent changes between the current and prior measurement dates.

Components of Pension Expense

	Fiscal Year Ending August 31 2023	2022
Interest	$ 2,438,425	$ 2,504,337
Projected earnings on pension plan investments	(2,427,030)	(2,388,351)
Amortization of differences between projected and actual earnings on plan investme	838,417	(1,408,607)
Amortization of changes of assumptions	672,298	1,362,880
Amortization of differences between expected and actual experience	412,426	304,622
Total pension expense	$ 1,934,536	$ 374,881

NOTE C - PENSION PLANS

DEFINED BENEFIT PLAN

Deferred Outflows of Resources and Deferred Inflows of Resources to Be Recognized in Pension Expense in Future Years

August 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 4,279,161	$ --
Changes of assumptions	453,976	--
Differences between expected and actual experience	514,793	292,262
Total	$ 5,247,930	$ 292,262

August 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ --	$ 3,596,598
Changes of assumptions	1,126,274	--
Differences between expected and actual experience	585,368	599,906
Total	$ 1,711,642	$ 4,196,504

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Aug 31	Net of Deferred Outflows Minus Deferred Inflows
2024	$ 617,758
2025	1,062,517
2026	1,532,558
2027	1,742,835
2028	--
Thereafter	--
Total	$ 4,955,668

Deferred Outflow of Resources to be Recognized Next Year

No supplemental contribution was contributed subsequent to the measurement date of the net pension liability. There is no deferred outflow of resources that will be recognized as a reduction in the net pension liability in the fiscal year ending August 31, 2024.

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

1. PLAN DESCRIPTION

The Guadalupe-Blanco River Authority provides retirement, disability, and death benefits for all of its full-time and part-time employees through Texas County and District Retirement System (TCDRS). GBRA began participation in the TCDRS on January 1, 2019. TCDRS is a statewide, agent multiple employer, public employee retirement system administered by the board of trustees of TCDRS. TCDRS issues an annual comprehensive financial report on a calendar year basis. The most recent annual comprehensive financial report for TCDRS can be found at www.tcdrs.org.

2. BENEFITS PROVIDED

1. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCDRS is a savings based plan. For the GBRA plan, 7% of each employee's pay was deposited into his or her TCDRS account beginning January 1, 2023 and 2022. By law, employee accounts earn 7% interest per year on beginning of year balances. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to a lifetime annuity. Benefit terms are established under the TCDRS Act. They may be amended by the GBRA Board of Directors as of January 1 each year, but must remain in conformity with the Act. Members can retire at ages sixty and above with eight or more years of service, with thirty years of service at any age, or when the sum of their age and years of service equals eighty or more.
4. There are no automatic cost of living adjustments (COLAs). Each year, GBRA may elect an ad hoc COLA for its retirees. There are two COLA types, each limited by actual inflation.

3. MEMBERS COVERED BY THE PLAN

	12/31/2022	12/31/2021
Retirees and beneficiaries currently reciving benefits	13	8
Inactive employees entitled to but not yet receiving benefits	65	32
Active Employees	192	203
	270	243

4. CONTRIBUTIONS

GBRA's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The GBRA contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by GBRA and are 7% for FY 2023 and FY2022. The actuarially determined employer contribution rate for CY 2022 was 10.1% and CY 2021 was 8.3%. Contributions to the pension plan from GBRA were $1,622,107 and $1,229,865 for the fiscal year ended August 31, 2023 and 2022, respectively. Contributions made from January 1, 2023 through August 31, 2023 are recorded as a deferred outflow and will be recognized in the subsequent year.

5. NET PENSION LIABILITY

The total pension liability and the net pension liability was determined by an actuarial valuation and measurement date as of December 31, 2022, and 2021.

	12/31/2022	12/31/2021
Total pension liability	$ 10,794,723	$ 7,827,618
Plan fiduciary net position	9,330,051	6,977,744
Employer's net pension liability	$ 1,464,672	$ 849,874
Plan fiduciary net position as a percentage of total pension l	86.43%	89.14%

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

Actuarial Assumptions

	12/31/2022	12/31/2021
Inflation	2.50%	2.50%
Salary Increases	4.70%	4.70%
Investment Rate of Return (net of expenses)	7.50%	7.50%

For the December 31, 2022 actuarial valuation, the mortality rates for depositing members were based on 135% of Pub-2010 General Retirees Mortality Table for males and 120% Pub-2010 General Retirees Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

For the December 31, 2021 actuarial valuation, the mortality rates for depositing members were based on 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2023 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

LONG TERM EXPECTED RATE OF RETURN BY ASSET CLASS

	12/31/2022		12/31/2021	
Asset Class	Target Allocation	Geometric Real Rate of Return	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	4.95%	11.50%	3.80%
Global Equities	2.50%	4.95%	2.50%	4.10%
Int'l Equities-Developed Markets	5.00%	4.95%	5.00%	3.80%
Int'l Equities-Emerging Markets	6.00%	4.95%	6.00%	4.30%
Investment-Grade Bonds	3.00%	2.40%	3.00%	-0.85%
Strategic Credit	9.00%	3.39%	9.00%	1.77%
Direct Lending	16.00%	6.95%	16.00%	6.25%
Distressed Debt	4.00%	7.60%	4.00%	4.50%
REIT Equities	2.00%	4.15%	2.00%	3.10%
Master Limited Partnerships (MLPs)	2.00%	5.30%	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.70%	6.00%	5.10%
Private Equity	25.00%	7.95%	25.00%	6.80%
Hedge Funds	6.00%	2.90%	6.00%	1.55%
Cash Equivalents	2.00%	0.20%	2.00%	-1.05%

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2022 was 7.6% and reflects the long term assumed rate of return on assets for funding purposes of 7.5%, net of all expenses, increased by 0.10% to be gross of administrative expenses. The discount rate for December 31, 2021 was 7.6% and reflects the long-term assumed rate of return on assets for funding purposes of 7.5%, plus 0.10% adjustment to be gross of administrative expenses. The projection of cash flows used to determine the discount rate assumed that the contributions from GBRA will meet the minimum funding requirements as supplied by the actuarially determined computation and required under the TCDRS Act. Based on those assumptions, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments of current and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability for FY 2023 and FY 2022 calculated using the stated discount rate in the table below, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Fiscal Year Ending August 31, 2023

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	$12,685,761	$10,794,723	$9,245,661
Fiduciary net position	9,330,051	9,330,051	9,330,051
Net pension liability	$3,355,710	$1,464,672	($84,390)

Fiscal Year Ending August 31, 2022

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	$9,219,407	$7,827,618	$6,689,507
Fiduciary net position	6,977,744	6,977,744	6,977,744
Net pension liability	$2,241,663	$849,874	($288,237)

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report that may be obtained on the Internet at www.tcdrs.org.

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

6. **CHANGES IN NET PENSION LIABILITY-TCDRS**

FY 2023	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of August 31, 2022	$ 7,827,618	$ 6,977,744	$ 849,874
Changes for the year:			
Service cost	2,414,542	-	2,414,542
Interest on pension liability	773,576	-	773,576
Effect of plan changes	-	-	-
Effect of economic/demographic gains or	(91,575)	-	(91,575)
Effect of assumption changes or inputs	-	-	-
Refund of contributions	(99,517)	(99,517)	-
Benefit payments	(29,921)	(29,921)	-
Administrative expenses	-	(5,468)	5,468
Member contributions	-	1,123,111	(1,123,111)
Net investment income	-	(632,116)	632,116
Employer contributions	-	1,622,107	(1,622,107)
Other	-	374,111	(374,111)
Balances as of August 31, 2023	$ 10,794,723	$ 9,330,051	$ 1,464,672

Measurements for the fiscal year ending August 31, 2023 were taken as of December 31, 2022.

FY 2022	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances as of August 31, 2021	$ 5,021,862	$ 3,628,633	$ 1,393,229
Changes for the year:			
Service cost	2,400,757	-	2,400,757
Interest on pension liability	563,049	-	563,049
Effect of plan changes	-	-	-
Effect of economic/demographic gains or	(127,022)	-	(127,022)
Effect of assumption changes or inputs	(2,353)	-	(2,353)
Refund of contributions	(15,718)	(15,718)	-
Benefit payments	(12,957)	(12,957)	-
Administrative expenses	-	(3,775)	3,775
Member contributions	-	1,033,499	(1,033,499)
Net investment income	-	1,053,887	(1,053,887)
Employer contributions	-	1,229,865	(1,229,865)
Other	-	64,310	(64,310)
Balances as of August 31, 2022	$ 7,827,618	$ 6,977,744	$ 849,874

Measurements for the fiscal year ending August 31, 2022 were taken as of December 31, 2021.

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

7. **PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO TCDRS**

For the year ended August 31, 2023 and 2022, the pension expense for the TCDRS plan was $1,230,998 and $1,442,979, respectively.

Components of Pension Expense

	Fiscal Year Ended Aug 31	
	FY 2023	**FY 2022**
Service Cost	$ 2,414,542	$ 2,400,757
Interest on total pension liability [1]	773,576	563,049
Effect of plan changes	--	--
Administrative expenses	5,468	3,775
Member contributions	(1,123,111)	(1,033,499)
Expected investment return of net investment expenses	(641,640)	(361,398)
Recognition of deferred inflows/outflows of resources		
Recognition of economic/demographic gains or losses	1,747	14,829
Recognition of assumption changes or inputs	37,552	37,552
Recognition of investment gains or losses	136,975	(117,776)
Other-relating to allocation of system-wide items	(374,111)	(64,310)
Total pension expense	$ 1,230,998	$ 1,442,979

[1] Reflects the change in liability due to the time value of money. TCDRS does not charge fees or interest.

Deferred Outflows of Resources and Deferred Inflows of Resources to be Recognized in Pension Expense in Future Years

	FY 2023		FY 2022	
As of August 31:	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 177,287	$ 202,599	$ 112,908	$ 231,542
Changes of assumptions	1,831	264,689	2,092	302,502
Differences between expected and actual experience	--	633,321	503,460	--
Contributions made subsequent to measurement date	N/A	1,022,930	N/A	1,035,638
Total	$ 179,118	$ 2,123,539	$ 618,460	$ 1,569,682

NOTE C - PENSION PLANS

TEXAS COUNTY AND DISTRICT RETIREMENT PLAN (TCDRS)

Deferred outflows related to pension resulting from the TCDRS Employer's contributions subsequent to the measurement date report in the tables above will be recognized as a reduction of the net pension liability (asset) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended Aug 31	Net of Deferred Outflows Minus Deferred Inflows
2024	$ 176,274
2025	164,639
2026	155,553
2027	294,051
2028	39,229
Thereafter (2)	91,675
Total	$ 921,421

(2) Total remaining balance to be recognized in future years, if any. Additional future deferred inflows and outflows of resources may impact these numbers.

C. OTHER PENSION DISCLOSURES

For the year ending August 31, 2023 and August 31, 2022, GBRA recognized net pension liability and pension expense for the two pension plans, Defined Benefit and TCDRS, as follows:

Net Pension Liability	FY 2023	FY 2022
Defined Benefit Plan	$ 8,861,550	$ 321,484
TCDRS Plan	1,464,672	849,874
Total Net Pension Liability	$ 10,326,222	$ 1,171,358

Pension Expense	FY 2023	FY 2022
Defined Benefit Plan	$ 1,934,536	$ 374,881
TCDRS Plan	1,230,998	1,442,979
Total Pension Expense	$ 3,165,534	$ 1,817,860

D. DEFERRED COMPENSATION PLAN

The Guadalupe-Blanco River Authority Employee Retirement Savings Plan Trust was effective January 1, 1991 and amended effective December 31, 2018. The Plan is open to all employees. The Plan constitutes an eligible deferred compensation plan as within the meaning of Section 457(b) of the Internal Revenue Code and is administered by the Retirement and Benefit Committee appointed by the GBRA Board. GBRA does not have access to assets of the Trust. Participation in the plan is voluntary. An employee may defer compensation in the calendar month that the participant first becomes an employee. Maximum deferral for any taxable year for a participant shall not exceed the lesser of the section 457 of the IRS Code limits or 100% of the participant's includable compensation. Prior to January 1, 2019, after one year of service, GBRA would match 50% of the employee deferral up to a maximum 3% of includable compensation. The employer contribution when added to all other deferred compensation under the Plan did not exceed the section 457 of the IRS Code limit. A participant is 100% vested in the participant's total amount of deferred compensation. A participant is 100% vested in the employer match after five years of service. The plan amendment effective as of December 31, 2018 discontinued GBRA's employer matching contribution.

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents for the purpose of the statement of cash flows is defined as having high liquidity with little market risk and includes cash, checking accounts, and money market accounts.

1. CASH AND DEPOSITS

At August 31, 2023 and 2022, GBRA held $12,464,335 and $13,336,004, respectively in restricted and unrestricted cash. Included in this amount for August 31, 2023 and 2022 was $950 and $1,500 , respectively, of cash on hand and the remainder was on deposit at various banks in demand accounts.

Custodial credit risk is the risk that in the event of a financial institution failure, the Authority's deposits may not be returned or the Authority will not be able to recover collateral securities in the possession of an outside party. No deposits were exposed to custodial credit risk as of August 31, 2023 and 2022.

GBRA bank deposits were entirely insured or collateralized with securities held by GBRA's agent in GBRA's name and are therefore not subject to deposit custodial credit risk which is the risk that in the event of a financial institution failure, the authority's deposits may not be returned. GBRA's investment policy requires all deposits be collateralized for any amount in excess of FDIC coverage.

2. INVESTMENTS

GBRA investment activities are governed by the Texas Government Code, Chapter 2256, Texas Public Funds Investment Act and GBRA Board Investment Policy - 413. The Act specifies the type and ratings of investments governmental entities are allowed to purchase and the Board Policy further restricts investment activities. All of GBRA deposits and securities are fully collateralized as required by the Act.

GBRA's investment policy provides for diversification to reduce overall portfolio risk. The operating and restricted portfolio should consist of no more than 75% U.S. government, its agencies and instrumentalities securities with no more than 50% of the portfolio in any one instrumentality; 100% public fund investment pools, 100% money market accounts, 50% bank certificates of deposit; or 50% of other types of eligible instruments.

Summary of Cash, Cash Equivalents and Investments:

	2023		2022	
Investments	$ 189,635,889	90%	$ 186,190,032	88%
Certificate of Deposits	1,253,385	1%	1,214,658	1%
Bank Money Market Funds	6,939,301	3%	11,279,996	5%
Cash	12,464,335	6%	13,336,004	6%
Total	$ 210,292,910	100%	$ 212,020,690	100%

Investments for GBRA are stated at fair value which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined below. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The Texpool and Texas Fixed Income Trust Funds are recorded at amortized cost without any limitation or restrictions on withdrawals.

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement), significant other observable inputs (Level 2 measurement), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the River Authority has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Most investments in debt securities are valued using Level 2 measurements because the valuation uses interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counter-party credit rating.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while GBRA believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In March 2003 the GASB issued No. 40 *"Deposits and Investment Risk Disclosures"*, which GBRA has implemented. Risk disclosures in previous financial reports (under the provisions of GASB 3) focused only on custodial credit risk. GASB 40 not only addresses custodial credit risk, but other common areas of investment risk as well (e.g. interest rate risk, credit risk, and concentration of credit risk).

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

GBRA customarily invests its funds in certificates of deposit, mortgage backed securities, direct obligations of the United States or money market investment funds such as the Texas State Treasury's TexPool Fund, the Texas Fixed Income Trust Fund (TX-FIT), and the Texas Cooperative Liquid Assets Securities System (Texas CLASS). GBRA usually holds its investments until maturity.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, GBRA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. No investments were exposed to custodial credit risk as of August 31, 2023 and 2022.

Investments which may be purchased pursuant to Texas state law and GBRA's investment policy are direct or indirect obligations of the United States of America, direct obligations of the State of Texas, any "A" rated obligation of a state of the United States or political subdivision thereof, investment grade repurchase agreements, prime commercial paper rated A-1 or P-1, obligations of the Federal National Mortgage Association and Government National Mortgage Association.

	2023		2022	
	Carry Amount	Weighted Average Maturity in Months	Carry Amount	Weighted Average Maturity in Months
U.S. Agencies				
Federal Farm Credit Bank	2,482,925	1.40	2,411,175	13.40
Federal Home Loan Mtg Corp	5,859,120	5.27	--	0.00
Federal Home Loan Bank	34,145,899	13.45	6,402,219	6.80
Federal National Mortgage Assn.	2,864,013	23.83	--	0.00
U.S. Treasury	47,509,739	4.23	5,788,770	21.42
San Antonio General Obligation	1,831,848	29.03	--	0.00
Money Market Mutual Funds	54,386,488	1.00	95,956,793	1.00
Texas Class	185,392	2.27	177,147	2.27
TexPool	37,748,528	0.77	72,940,785	0.77
TX-FIT	2,621,937	0.38	2,513,143	0.17
Total Investments	$ 189,635,889		$ 186,190,032	
Portfolio weighted average maturity		4.75		1.89

Interest Rate Risk: Interest rate risk is the risk changes in interest rates will adversely affect the fair value of an investment.

GBRA's investment policy calls for maximum final maturity of any operating investments to be 5 years, with at least 50% of all operating investments maturing within 3 years. Bond funds may be invested with maturities of less than 5 years, and construction funds may be invested in accordance with a construction draw schedule. The weighted average maturities noted above are in compliance with this policy.

Credit Risk: Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. GBRA's investments were rated as of Fiscal Year 2023 and 2022 as follows:

	Moody's	S&P
Federal Farm Credit Bank	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal Home Loan Mortgage	Aaa	AA+
Federal National Mortgage Assn.	Aaa	AA+
San Antonio General Obligation	Aaa	AA+
Texas Class	Aaa	AAAm
TexPool	Aaa	AAAm
Money Market Mutual Funds	Aaa	AAAm

TexPool has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Comptroller of Public Accounts (Comptroller) is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. Pursuant to the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Hermes, under an agreement with the Comptroller, acting on behalf of the Trust Company. The Comptroller maintains oversight of the services provided to TexPool by Federated Hermes. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy and approves any fee increases.

TX-FIT, or Texas Fixed Income Trust, was formed in 2019 in accordance with the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. Deep Blue Investment Advisors based out of Tampa, Florida, is the investment advisor for the local government investment pool. U.S. Bank, N.A. serves as custodian while U.S. Bank Global Fund Services is the administrator. TX-FIT is rated as AAAmmf by Fitch Ratings. GBRA executed a Trust Participation Agreement in 2021 to become a participant of the pool.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants. The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank Texas, N.A. as Custodian.

The investment pools seek to maintain a net asset value of $1.00 and are designed to be used for investment of funds which may be needed at any time.

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to a government's investment in a single issuer.

The investment portfolio concentration in a single governmental securities which excess 5% of the portfolio for 2023 or 2022 are as follows:

	2023		2022	
Description	Carrying Amount	% of Portfolio	Carrying Amount	% of Portfolio
Federal Home Loan Bank	$ 34,145,899	18.01%	$ 6,402,219	3.44%

Investment Valuation: GBRA categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. GBRA's investments for all funds at fiscal year-end are listed below at fair value, net of accruals. GBRA has the following recurring fair value measurements as of August 31, 2023 and 2022, respectively:

GASB 72	2023	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities				
Federal Farm Credit Bank	$ 2,482,925	$ --	$ 2,482,925	$ --
Federal Home Loan Mtg Corp	5,859,120	--	5,859,120	--
Federal Home Loan Bank	34,145,899	--	34,145,899	--
Federal National Mortgage Assn.	2,864,013	--	2,864,013	--
U.S. Treasury Notes	47,509,739	--	47,509,739	--
San Antonio General Obligation	1,831,848		1,831,848	
Total Debt Securities	$ 94,693,544	$ --	$ 94,693,544	$ --
Total Investments Measured at Fair Value Level	$ 94,693,544	$ --	$ 94,693,544	$ --
Investments Measured at Amortized Cost:				
TexPool	37,748,528			
TX-FIT	2,621,937			
Total Investments Measured at Amortized Costs	$ 40,370,465			
Investments Measured at Net Asset Value:				
Money Market Mutual Funds	54,386,488			
Texas Class	185,392			
Total	$ 189,635,889			

GASB 72	2022	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Debt Securities				
Federal Agricultural Mtg Corp	$ 2,411,175	$ --	$ 2,411,175	$ --
Federal Farm Credit Bank	--	--	--	--
Federal Home Loan Bank	6,402,219	--	6,402,219	--
Federal National Mortgage Assn.	--	--	--	--
U.S. Treasury Notes	5,788,770	--	5,788,770	--
Total Debt Securities	$ 14,602,164	$ --	$ 14,602,164	$ --
Total Investments Measured at Fair Value Level	$ 14,602,164	$ --	$ 14,602,164	$ --
Investments Measured at Amortized Cost:				
TexPool	72,940,785			
TX-FIT	2,513,143			
Total Investments Measured at Amortized Costs	$ 75,453,928			
Investments Measured at Net Asset Value:				
Money Market Mutual Funds	95,956,793			
Texas Class	177,147			
Total	$ 186,190,032			

NOTE E – CAPITAL ASSETS

Capital asset activity for FY 2023 and 2022 was as follows:

CAPITAL ASSETS

Classification	Balance August 31, 2021	Additions	Removals	Balance August 31, 2022	Additions	Removals	Balance August 31, 2023
Land,Water & Storage Rights	$ 73,272,266	$ 4,825,912	$ (37,058)	$ 78,061,120	$ --	$ (41,424)	$ 78,019,696
Construction in Progress	70,629,882	144,163,325	(10,000,989)	204,792,218	101,110,710	(10,051,290)	295,851,638
Total Assets Not Being Deprecia	143,902,148	148,989,237	(10,038,047)	282,853,338	101,110,710	(10,092,714)	373,871,334
Structures & Improvements	189,117,985	1,344,320	--	190,462,305	307,758	(6,198,506)	184,571,557
Specialized Equipment	16,517,331	173,647	--	16,690,978	147,199	(644,086)	16,194,091
Office Buildings & Communicatio	1,485,490	--	--	1,485,490	--	--	1,485,490
Shops & Storerooms	917,413	--	--	917,413	--	--	917,413
Auto & Heavy Equipment	6,117,607	179,019	(93,763)	6,202,863	491,786	(453,028)	6,241,621
Office Furniture & Equipment	1,276,468	--	(7,789)	1,268,679	24,700	(2,415)	1,290,964
Miscellaneous Equipment	5,496,191	33,193	(10,829)	5,518,555	55,503	(85,363)	5,488,695
Total Dams, Plants and Equipme	220,928,485	1,730,179	(112,381)	222,546,283	1,026,946	(7,383,398)	216,189,831
Total Capital Assets	$ 364,830,633	$150,719,416	$ (10,150,428)	$ 505,399,621	$ 102,137,656	$ (17,476,111)	$ 590,061,165

DEPRECIATION

Classification	Balance August 31, 2021	Additions	Removals	Balance August 31, 2022	Additions	Removals	Balance August 31, 2023
Structures & Improvements	$ (79,683,221)	$ (4,926,601)	$ --	$ (84,609,822)	$ (4,718,069)	$ 5,103,646	$ (84,224,245)
Specialized Equipment	(12,900,477)	(241,710)	--	(13,142,187)	(254,011)	804,858	(12,591,340)
Office Buildings & Communicatio	(1,170,614)	(17,677)	--	(1,188,291)	(17,677)	--	(1,205,968)
Shops & Storerooms	(827,524)	(8,495)	--	(836,019)	(8,438)	--	(844,457)
Auto & Heavy Equipment	(4,152,665)	(474,610)	93,763	(4,533,512)	(434,764)	326,593	(4,641,683)
Office Furniture & Equipment	(1,006,600)	(92,921)	7,789	(1,091,732)	(94,679)	2,415	(1,183,996)
Miscellaneous Equipment	(4,033,248)	(255,586)	10,830	(4,278,004)	(251,896)	85,363	(4,444,537)
Total Accumulated Depreciation	(103,774,349)	(6,017,600)	112,382	(109,679,567)	(5,779,534)	6,322,875	(109,136,226)
NET CAPITAL ASSETS	$ 261,056,284	$144,701,816	$ (10,038,046)	$ 395,720,054	$ 96,358,122	$ (11,153,236)	$ 480,924,939

Amounts may not foot due to rounding.

In December 2022, GBRA's Port Lavaca Water Treatment Plant and other assets assigned to that division were sold to a private entity. Sales proceeds of $2,000,000 were recognized as part of the closing process, which generated a book value gain of $272,782.

NOTE F - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

GBRA is unique in that the majority of its outstanding bond issues are contract revenue bonds. In order to match revenues received from customers for the debt service of those bonds with expenditures for capital assets related to those bonds, GBRA records costs and revenues to be recognized in future periods. Deferred inflows of resources related to operations totaled $15,767,364 and $13,676,133 for FY 2023 and FY 2022 respectively. Deferred outflows of resources related to loss on bond refunding totaled $1,181,343 and $1,362,646 for FY 2023 and FY 2022 respectively.

Deferred inflows and deferred outflows of resources related to GASB 68 reporting for pension plans totaled $471,380 and $7,371,469 respectively for FY 2023. Deferred inflows and outflows of resources related to GASB 68 reporting for pension plans totaled $4,814,964 and $3,281,324 respectively for FY 2022.

In FY 2023 and FY 2022, total deferred inflow for capital contributions were $1,671,316 and $1,190,606. The deferral includes $1,474,056 and $998,346 from PepsiCo for FY 2023 and FY 2022, respectively, $192,260 from Texas Water Development Board for FY 2023 and FY 2022 and $5,000 from Guadalupe-Blanco River Trust in FY 2023. GBRA received grant funds from PepsiCo for the replacement of radial gates at Goff Bayou in Calhoun County. It is anticipated that GBRA will expend the remaining funds of the total $1,880,000 grant in FY 2025. GBRA was also the recipient of a grant from the Texas Water Development Board for creation of a regional flood plan. Proceeds of $192,260 were received in FY 2022 and will be applied to the final cost of the project which is expected to be completed in FY 2024. The $5,000 received from the Guadalupe-Blanco River Trust as part of the Plum Creek project and is expected to be expended in future years.

NOTE G - RISK MANAGEMENT

GBRA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and job-related injuries or illnesses to employees for which GBRA carries commercial insurance or participates in the Texas Water Conservation Association Risk Management Fund (Fund). GBRA's relationship with the Fund parallels that with a commercial insurance company. The Fund has the responsibility to defend any suit seeking damages on account of any liability up to the applicable limits of the agreement. GBRA on the other hand has the responsibility to notify the Fund of all potential claims and to reimburse the Fund for amounts paid within the agreement's deductible. GBRA does not have the responsibility to reimburse the Fund for amounts related to the claims of other Fund participants. During the past three years, no settlements have exceeded insurance coverage.

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS

Under the continuing disclosure agreements of the 1) General Improvement Revenue Bonds, Series 2012; 2) General Improvement Revenue Bonds, Series 2015; 3) General Improvement and Refunding Revenue Bonds, Series 2020; 4) Contract Revenue Refunding Bonds, Series 2020 (Western Canyon Regional Water Supply Project), 5) General Improvement Revenue Bonds, Series 2021 (Dietz & Stein Falls Wastewater Treatment Projects), 6) General Improvement Revenue Bonds, Series 2022 (New Braunfels Office), and 7) General Improvement Revenue Bonds, Series 2022A (Saltwater Barrier), GBRA is obligated to provide certain updated financial information and operating data annually. None of the other bonds require additional disclosure of annual financial information and operating data from GBRA; however, GBRA has included general information and the debt service paid by participants for the i) Contract Revenue Refunding Bonds (IH35), Series 2013, ii) Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project) and iii) Subordinate Lien Contract Revenue Refunding Bonds, Series 2007B and 2017 (RRWDS). The required information is identified below, in the preceding footnotes and in the amortization schedules.

General information related to all bonds (1-3 below):

1. DEBT SERVICE REQUIREMENTS

The amortization schedules associated with these bonds are included in the Other Supplemental Information section of this report.

2. OTHER OBLIGATIONS

<u>Obligations Payable Directly by GBRA</u>

The long-term obligations payable directly by GBRA are disclosed in “Note B – Long Term Liabilities” in the “Notes to Combined Financial Statements” section of this report.

<u>Contract Revenue Bonds</u>

The contract revenue bonds which are payable from revenue derived from contracts between GBRA and the various parties securing payment to GBRA for debt service payments on the bonds are disclosed in “Note B – Long Term Liabilities” in the “Notes to Combined Financial Statements” section of this report.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS OF GBRA

The percentages of GBRA’s restricted and unrestricted investable funds by category is included in Note D — Cash, Cash Equivalents and Investments of this report.

4. FUND BALANCES AND COVERAGE

The General Improvement Revenue Bonds, Series 2012, Series 2015, General Improvement and Refunding Revenue Bonds, Series 2020, and General Improvement Revenue Bonds, Series 2021, Series 2022 and Series 2022A constitute special obligations of GBRA that are payable from and secured by an irrevocable parity lien and the Combined Contract Revenue, Subordinate Water Resources Division Revenue and Surplus Water Project Revenue Bonds, Series 2007B subordinate constitute a combined lien on and pledge of the “Pledged Revenues” and the Pledged Revenues are further pledged to the establishment and maintenance of certain funds created in the Resolutions authorizing such Bonds. “Pledged Revenues” generally consist of the gross revenues received by GBRA from the sale or commitment of raw water currently stored in Canyon Reservoir and from other sources of firm, dependable supplies of water as they are acquired and developed in the “Water Supply System” of GBRA’s Water Resources Division but specifically excludes any revenues received from the sale or commitment of raw water from "run-of-the-river" rights and from any future ground water projects developed by GBRA or in which GBRA has an ownership interest.

<u>COMBINED CONTRACT REVENUE SUBORDINATE WATER RESOURCE DIVISION REVENUE BONDS, SERIES 2007B</u>

In 2007, GBRA authorized the issuance of Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Taxable Series 2007B for the refunding of original project bonds for the development of a regional water supply project to meet future needs and reduce dependence on the Edwards Aquifer by providing an alternative source of water to City of San Marcos and surrounding Hays, Caldwell, Guadalupe and Travis Counties.

<u>GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012</u>

On January 18, 2012, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2012 in the amount of $4,400,000 with a delivery date of April 4, 2012. The bonds were sold to the Texas Water Development Board and as such, no rating was required on these bonds. The bond proceeds were used to complete a study and feasibility assessment related to a new firm water supply for GBRA referred to as the Mid-Basin Project. The Project is envisioned as a conjunctive use project, utilizing both surface and ground water supplies within the basin.

<u>GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2015</u>

On October 21, 2015, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2015 in the amount of $2,000,000 with a delivery date of December 1, 2015. The bonds were sold to the Texas Water Development Board through the SWIRFT Program and as such, no rating was required on these bonds. The bond proceeds were used to fund a feasibility study in connection with the development of an integrated water-power project (IWPP Project) along the Texas Gulf Coast to provide a regional solution that would create a new source of water supply for the Coastal Bend (Region N) and South Central (Region L) and potentially Central Texas (Region K) regional water planning areas, and to pay costs of issuance.

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS

GENERAL IMPROVEMENT AND REFUNDING REVENUE BONDS, SERIES 2020

On September 18, 2002, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2002 in the amount of $4,390,000 with a delivery date of September 27, 2002. The proceeds were used for the expansion and construction of the GBRA headquarters, meeting room and office facilities, and an operations warehouse.

On April 13, 2011, GBRA issued and delivered General Improvement and Refunding Revenue Bonds, Series 2011 to refund the Series 2002 General Improvement Revenue Bonds and provide funds for the lump sum buy-out of the Water Right Subordination Agreement between GBRA and the City of Seguin. This issue was for $10,745,000

On August 18, 2020, GBRA refunded the Series 2011 bonds with General Improvement Revenue Refunding Bonds, Series 2020 in the amount of $5,300,000 due to favorable interest rate environment yielding net present value savings totaling $898,524.92.

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2021

On July 21, 2021, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2021 in the amount of $27,915,000 with a delivery date of October 6, 2021. The proceeds were used for a wastewater collection system known as Dietz Wastewater System and improvements to GBRA's existing Stein Falls Wastewater System.

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2022

On March 23, 2022, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2022 in the amount of $9,810,000 with a delivery date of May 24, 2022. The proceeds were used for the design, construction and equipping a new office facility in New Braunfels, Texas.

GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2022A

On October 19, 2022, GBRA authorized the issuance of General Improvement Revenue Bonds, Series 2022A in the amount of $4,905,000 with a delivery date of December 15, 2022. The proceeds were used for improvements to the Diversion Dam and Saltwater Barrier.

REGIONAL RAW WATER DELIVERY CONTRACT REFUNDING REVENUE BONDS, SERIES 2007B
GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2012, 2015, 2021, 2022, 2022A
AND GENERAL IMPROVEMENT REFUNDING REVENUE BONDS, SERIES 2020

	2023		2022	
Average Annual Principal and Interest Requirements, 2023 - 2052	$ 3,145,928		$ 2,799,796	
Coverage of Average Requirements by Pledged Revenues	5.23	x	5.52	x
Coverage of Average Requirements by Net Revenues	1.46	x	1.59	x
Maximum Principal and Interest Requirements, 2027	$ 4,421,527		$ 4,084,877	
Coverage of Maximum Requirements by Pledged Revenues	3.72	x	3.79	x
Coverage of Maximum Requirements by Net Revenues	1.04	x	1.09	x
2007B Bonds: Interest and Sinking Fund Balance	$ 350,057		$ 332,983	
2012 Bonds: Interest and Sinking Fund Balance	21,633		21,986	
2015 Bonds: Interest and Sinking Fund Balance	-		-	
2020 Bonds: Interest and Sinking Fund Balance	69,413		130,256	
2021 Bonds: Interest and Sinking Fund Balance	93,810		95,026	
2022 Bonds: Interest and Sinking Fund Balance	118,166		342,672	
Total Interest and Sinking Fund Balance as of August 31	$ 653,079		$ 922,923	
Pledged Revenues for the Fiscal Year Ended August 31	$ 16,442,670	(1)	$ 15,464,723	
Net Revenues for Fiscal Year Ended August 31	$ 4,584,417	(2)	$ 4,446,371	

(1) See "Raw Water Sales" under "Raw Water Sales" table.

(2) See "Net Revenues" under "Raw Water Sales" table.

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

RAW WATER SALES COMPONENT OF WATER RESOURCES DIVISION – HISTORICAL OPERATING STATEMENT

	Fiscal Year Ended August 31				
	2023	2022	2021	2020	2019
Revenue					
Raw Water Sales [1]	$ 16,442,670	$ 15,464,723	$ 14,991,072	$ 14,629,354	$ 14,300,108
Total Operating Revenue	$ 16,442,670	$ 15,464,723	$ 14,991,072	$ 14,629,354	$ 14,300,108
Expense					
Operating Expenses [2]	$ 10,395,311	$ 9,533,872	$ 9,835,957	$ 9,426,970	$ 7,698,761
Maintenance and Repairs	26,690	44,870	201,870	386,730	337,535
Administrative and General	1,436,252	1,439,610	1,361,969	1,341,346	1,151,815
Total Operating Expense	$ 11,858,253	$ 11,018,352	$ 11,399,796	$ 11,155,046	$ 9,188,111
Net Revenue	$ 4,584,417	$ 4,446,371	$ 3,591,276	$ 3,474,308	$ 5,111,997
Less Debt Service for Senior Lien Bonds [3]					
General Imp & Ref Rev Bonds, 2011	$ --	$ --	$ --	$ 825,906	$ 827,707
General Imp Rev Bonds, 2012	261,985	258,898	260,473	261,620	262,295
General Imp Rev Bonds, 2015 [4]	--	--	--	--	--
General Imp Rev Bonds, 2020	832,150	637,250	131,148	--	--
General Imp Rev Bonds, 2021	1,116,600	958,415	--	--	--
General Imp Rev Bonds, 2022	556,870	--	--	--	--
General Imp Rev Bonds, 2022A	172,433	--	--	--	--
Total Debt for Senior Lien Bonds	$ 2,940,038	$ 1,854,563	$ 391,621	$ 1,087,526	$ 1,090,002
Debt Service Coverage Factor	1.559	2.398	9.170	3.195	4.690
Subordinate Revenues Available	$ 1,644,379	$ 2,591,808	$ 3,199,655	$ 2,386,782	$ 4,021,995

(1) Pledged Revenues.

(2) Pursuant to GASB 65 debt issuance costs are expensed; however, they are removed from expenses in this table because they were paid using bond proceeds; additionally, removed $2,800,000 in FY 2020 for legal expenses related to dam litgiation as reserves were used to pay these expenses. Beginning in FY 2022, grant expenses that are offset by federal, state, or local grant revenue have been removed as they are funded through other sources.

(3) Senior liens include the General Improvement Revenue Bonds, Series 2012 (Mid-Basin WIF Project), and the General Improvement Revenue Bonds, Series 2015 (IWPP Project), the General Improvement Revenue Refunding Bonds, Series 2020 (which refunded the Series 2011 that previously refunded the original General Improvement Bonds Series 2002), the 2021 General Improvement Revenue Bonds (Dietz & Stein Falls Wastewater Treatment), and the General Improvement Bonds, Series 2022 (New Braunfels Office).

(4) Debt service payments for the General Improvement Revenue Bonds, Series 2015 begin in 2024.

CUSTOMER BASE BY TYPE

GBRA receives revenues from the sale or commitment of raw water currently stored in Canyon Reservoir. Such raw water is sold in accordance with various long-term contracts between GBRA and the purchaser where the purchaser agrees to pay for stored water whether or not it ultimately is delivered. There are four types of purchasers: municipal, domestic, industrial and irrigation. The total acre-feet of firm raw water contracted with each type of customer is shown below:

	August 31, 2023		August 31, 2022		August 31, 2021		August 31, 2020		August 31, 2019	
	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total	Acre-Feet	% of Total
Municipal	81,421	84.73%	80,749	85.36%	80,109	86.02%	79,424	86.70%	73,227	80.11%
Domestic	3	0.00%	3	0.00%	3	0.00%	3	0.00%	3	0.00%
Industrial	14,327	14.91%	13,494	14.27%	12,661	13.59%	11,828	12.91%	17,828	19.50%
Irrigation	345	0.36%	347	0.37%	361	0.39%	361	0.39%	361	0.39%
Contracted	96,096	100.00%	94,593	100.00%	93,134	100.00%	91,616	100.00%	91,419	100.00%

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

MAJOR FIRM WATER CUSTOMERS (1,000 ACRE-FEET PER YEAR OR MORE)

Municipal and Industrial customers account for the majority of the total acre-feet under contract between GBRA and purchasers, and purchasers with contracts for 1,000 acre-feet or more per year account for 98.05% of the total acre-feet currently under contract. For this reason, major firm water customers have been identified as those with contracts for the sale of firm raw water in the amount of 1,000 or more acre-feet per year. Major firm water customers, as well as, smaller customers that are part of a large regional project, for the fiscal year ended August 31, 2023 are shown below:

				Contract Information		
Customer	Type	Total AF/YR	Revenue (2)	Contract Date	Expiration Date	Renewal Option
Municipal & Retail						
Canyon Regional Water Authority	Regional Water Authority		$ 1,964,731			(1)
City of Marion	City	100		11/07/2018	12/31/2067	
City of Cibolo	City	1,350		11/07/2018	12/31/2067	
Green Valley SUD	Special Utility District	1,800		11/07/2018	12/31/2067	
Springs Hill WSC	Water Supply Corporation	1,925		11/07/2018	12/31/2067	
East Central WSC	Water Supply Corporation	1,400		11/07/2018	12/31/2067	
SAWS	City	4,000		11/07/2018	12/31/2023	
New Braunfels Utilities	City	9,720	1,603,800	01/26/1989	02/25/2050	20 Yrs
New Braunfels Utilities	City	5,500	907,500	09/01/2019	08/31/2059	
City of Seguin	City	1,000	165,000	09/01/2012	09/01/2027	5 Yrs
City of Port Lavaca	City	3,136	517,440	02/20/1968	08/31/2035	
Undine-Calhoun County RWSC	Water Supply Corporation	888	146,520	02/20/1968	12/31/2030	
Canyon Lake WSC	Water Supply Corporation	2,000	330,000	10/01/1994	12/31/2044	(1)
Canyon Lake WSC II	Water Supply Corporation	2,000	330,000	08/27/2001	12/31/2050	(1)
Canyon Lake WSC III	Water Supply Corporation	2,000	330,000	09/29/2006	12/31/2050	(1)
SHWSC I	Water Supply Corporation	2,200	363,000	06/26/1967	12/31/2050	(1)
SHWSC II	Water Supply Corporation	1,000	165,000	06/01/2000	12/31/2050	(1)
Green Valley SUD	Special Utility District	1,000	165,000	12/01/2008	12/31/2040	(1)
Regional RWDS Project						
City of San Marcos	City	10,000	1,650,000	10/10/1989	07/01/2047	(1)
City of Kyle	City	5,443	898,095	05/20/2005	12/31/2038	20 Yrs
City of Buda	City	1,680	277,200	04/09/2002	12/31/2042	(1)
CRWA-Hays Project	Regional Water Authority	2,038	336,270	06/04/2003	12/31/2039	(1)
GoForth SUD	Special Utility District	4,186	690,690	03/01/2004	12/31/2039	(1)
Monarch	Utility Company	560	92,400	01/01/2008	12/31/2037	---
GBRA Western Canyon						
Boerne	City	3,611	595,815	02/22/2000	12/31/2037	40 Yrs (2x20 Yrs)
Fair Oaks Ranch	City	1,850	305,250	02/10/2000	12/31/2037	40 Yrs (2x20 Yrs)
SAWS	City	4,000	(3) 1,049,603	03/17/2000	12/31/2037	40 Yrs (2x20 Yrs)
Cordillera Ranch	Housing Development	1,500	247,500	10/11/2001	12/31/2037	40 Yrs (2x20 Yrs)
CLWSC-Kendall West	Housing Development	750	123,750	03/18/2002	12/31/2037	40 Yrs (2x20 Yrs)
Johnson Ranch	Housing Development	900	148,500	03/28/2003	12/31/2037	40 Yrs (2x20 Yrs)
Miralomas MUD (Lerin Hills)	Municipal Utility District	750	123,750	09/18/2009	12/31/2036	40 Yrs (2x20 Yrs)
GBRA-Comal Trace	River Authority	145	23,097	---	---	---
Bremer Ranch LTD	Municipal	100	16,500	11/01/2013	12/31/2043	20 Yrs
Couser Ranch	Municipal	100	16,500	11/01/2013	12/31/2043	20 Yrs
CLWSC-Bulverde	Water Supply Corporation	400	66,000	02/06/2009	12/31/2040	10 Yrs
CLWSC-Park Village	Water Supply Corporation	322	53,130	03/24/2009	12/31/2040	10 Yrs
Total Major Municipal Customers		79,354	$ 13,702,041			
Industrial						
Calpine-Guadalupe Energy Center	Electric Generation	6,840	$ 979,513	03/17/1999	12/31/2026	25 Yrs (5x5 Yrs)
Hays Energy Limited Partners	Electric Generation	2,464	406,560	06/25/1999	12/31/2025	(1)
Ineos USA LLC	Chemical Company	3,600	720,856	02/11/1980	12/31/2060	40 Yrs (15 Yrs + (5x5 Yrs))
Total Major Industrial Customers		12,904	$ 2,106,929			
Total Major Customers		**92,258**	**$ 15,808,970**			
Total Firm Water Sales		**94,096**	**$ 16,442,670**			
Major Customers as a Percentage of Total		**98.05%**	**96.15%**			

(1) Contract does not provide for specific renewal options
(2) Includes Out-of-District Charges
(3) Includes returnable and additional water charges

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

FIRM WATER SALES RATE HISTORY

Price Per Acre-Foot (1)	Effective Date
$38.75	10/1/1980
44.76	10/1/1985
53.03	10/1/1990
61.00	10/1/1997
69.00	10/1/2000
80.00	10/1/2002
84.00	11/1/2003
88.00	10/1/2004
92.00	10/1/2005
96.00	10/1/2006
100.00	10/1/2007
105.00	10/1/2008
110.00	10/1/2010
114.00	10/1/2011
125.00	10/1/2012
130.00	10/1/2014
135.00	10/1/2015
142.00	10/1/2016
145.00	10/1/2017
147.00	10/1/2018
151.00	10/1/2019
157.00	09/1/2021
165.00	09/1/2022
175.00	09/1/2023

(1) Excludes out-of-district charges.

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

5. CONTRACT REVENUE REFUNDING BONDS (WESTERN CANYON REGIONAL WATER SUPPLY PROJECT), TAXABLE SERIES 2020

On September 16, 2020, GBRA authorized the issuance of Contract Revenue Refunding Bonds, Taxable Series 2020 in the amount of $55,540,000 with a delivery date of October 15, 2020. The proceeds were used to (i) refund all of the Authority's outstanding Western Canyon Regional Water Supply Project obligations, Series 2013A, 2013B and 2017, and (ii) pay issuance costs on the Bonds.

The original proceeds from the Series 2013A/B bonds were used for the construction and equipping of a regional treated surface water supply project to serve portions of Comal, Kendall and Bexar Counties, Texas and the Series 2017 bonds were used for designing, acquiring and constructing improvements to the Western Canyon Regional Water Supply Project, primarily aeration facilities to mitigate disinfection by-products.

Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), rated the bonds "AA+".

This bond issues constitute special obligations of GBRA payable, both as to principal and interest, and secured solely by a first lien on and pledge of the Gross Revenues of GBRA, which primarily are derived from payments made to GBRA under the Water Supply Agreements entered into with the Participants in the Western Canyon Regional Water Supply Project.

WESTERN CANYON REGIONAL WSP - ANNUAL WATER DELIVERY BY PARTICIPANTS

CONTRACT REVENUE REFUNDING BONDS

WESTERN CANYON REGIONAL WATER SUPPLY PROJECT, TAXABLE SERIES 2020

In District	Current * (Acre-Feet)	% of Total	Ultimate (Acre-Feet)	% of Total
City of Boerne	1,900	16.96%	3,611	21.49%
City of Fair Oaks	1,344	12.00%	1,850	11.01%
GBRA - Cordillera	867	7.74%	1,500	8.93%
Johnson Ranch MUD	507	4.53%	900	5.36%
Miralomas MUD (Lerin Hills)	225	2.01%	750	4.46%
Texas Water-Kendall West	750	6.70%	750	4.46%
Texas Water-Bulverde	400	3.57%	400	2.38%
Texas Water-Park Village	322	2.88%	322	1.91%
GBRA - Comal Trace	145	1.28%	100	0.60%
Bremer Ranch LTD	20	0.18%	100	0.60%
Couser Ranch	20	0.18%	100	0.60%
Future Participants	--	0.00%	2,417	14.39%
Total In District	6,500		12,800	
SAWS (Initial & Additional)	4,700	41.95%	4,000	23.81%
Total Out of District	4,700		4,000	
Total	11,200	100.00%	16,800	100.00%

* Annual Water Delivery is based on contractual commitments of each participant

WESTERN CANYON REGIONAL WSP - SOURCES OF PLEDGED REVENUES

CONTRACT REVENUE REFUNDING BONDS (WESTERN CANYON WATER SUPPLY PROJECT), TAXABLE SERIES 2020

	Fiscal Year Ended August 31				
	2023	2022	2021	2020	2019
Western Canyon O&M Revenue	$ 5,423,882	$ 4,619,551	$ 4,039,908	$ 3,762,456	$ 3,859,512
Western Canyon Debt Service Revenue	4,734,384	5,124,972	3,515,696	5,558,905	5,608,376
	$10,158,266	$ 9,744,523	$ 7,555,604	$ 9,321,361	$ 9,467,888
Operating Expenses	$ 3,444,752	$ 3,171,734	$ 3,332,512	$ 3,001,731	$ 2,795,217
Maintenance & Repair	487,588	302,979	415,364	313,671	223,127
Administrative & General	230,496	204,654	196,390	212,720	161,653
Total Operating & Maintenance Expense	$ 4,162,836	$ 3,679,367	$ 3,944,266	$ 3,528,122	$ 3,179,997
Net Revenue	$ 5,995,430	$ 6,065,156	$ 3,611,338	$ 5,793,239	$ 6,287,891
Debt Service	$ 4,769,215	$ 4,769,955	$ 3,583,659	$ 5,077,501	$ 5,078,240
Debt Service Coverage Factor	1.2571	1.2715	1.0077	1.1410	1.2382

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

6. CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35 PROJECT)

On November 28, 2012, GBRA authorized the issuance of Contract Revenue Refunding Bonds, Series 2013 in the amount of $19,470,000. Proceeds from the sale of the Bonds were used to i) refund all of the Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Series 2004A and 2004B and ii) pay issuance costs on the current bonds. As a result of the refunding, GBRA reduced its total debt service requirements by $4,307,567 and produced a net present value savings (economic gain) of $2,877,554. The original proceeds from the Series 2004A and 2004B bonds were used to construct and equip facilities and acquire rights-of-ways necessary for delivering treated water from a water treatment plant located in San Marcos, Texas to portions of Hays and Caldwell Counties, Texas.

Moody's Investors Service, Inc. ("Moody's") and Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), assigned an underlying rating on the Bonds of "A1" and "A+" respectively.

The bonds constitute special obligations of GBRA that are secured by a first lien on and pledge of the "Pledged Revenues," which generally consist of the "Gross Contract Revenues," received by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the delivery of treated water from a water treatment plant located in San Marcos, Texas to portions of Hays and Caldwell Counties, Texas through a treated water delivery system and the interest income from funds on deposit in the Interest and Sinking Fund, the Reserve Fund and the Rate Stabilization Fund. The Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Sinking Fund, the Reserve Fund and the Rate Stabilization Fund.

CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35) - DEBT SERVICE PAYABLE BY PARTICIPANTS

	Fiscal Year Ended August 31									
	2023		2022		2021		2020		2019	
Debt Service Component of Gross Contract Revenues	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments
From City of Buda, Texas	1.50	$ 167,523	1.50	$ 167,523	1.50	$ 167,523	1.50	$ 167,523	1.50	$ 167,523
From City of Kyle, Texas	4.86	542,774	4.86	542,774	4.86	542,774	4.86	542,774	4.86	542,774
From GoForth Special Utility District *	4.94	551,713	4.94	551,710	4.94	502,800	4.46	405,286	3.46	377,365
From Sunfield Municipal Utilities District *	0.00	--	0.00	--	0.00	48,910	0.48	146,424	1.48	174,345
From Monarch	0.50	55,845	0.50	55,841	0.50	55,841	0.50	55,841	0.50	55,841
Total Debt Commitment & Revenues	11.80	$1,317,855	11.80	$1,317,848	11.80	$1,317,848	11.80	$1,317,848	11.80	$1,317,848
Annual Debt Service Requirements		$1,195,769		$1,192,169		$1,197,769		$1,196,833		$1,201,831
Debt Service Coverage Factor		1.10		1.11		1.10		1.10		1.10

* Sunfield MUD's Purchase Commitment fully transferred to GoForth SUD in August 2021.

IH35 TREATED WATER DELIVERY SYSTEM – HISTORICAL OPERATING STATEMENT

CONTRACT REVENUE REFUNDING BONDS, SERIES 2013 (IH35 TREATED WATER DELIVERY SYSTEM PROJECT)

	2023	2022	2021	2020	2019
IH35 O&M Transmission Revenue	$ 908,536	$ 840,944	$ 615,345	$ 521,299	$ 382,875
IH35 Debt Revenue	1,317,855	1,317,855	1,317,848	1,317,848	1,317,848
IH35 Interest Earnings	55,087	10,111	1,110	22,118	36,144
Total Revenue	$ 2,281,478	$ 2,168,910	$ 1,934,303	$ 1,861,265	$ 1,736,867
IH35 Operating Expenses	$ 619,588	$ 496,554	$ 403,912	$ 419,422	$ 310,334
IH35 Maintenance & Repair Expenses	82,764	235,107	155,991	119,829	57,561
IH35 Administrative & General Expenses	48,571	35,676	32,532	32,777	14,238
Total Expenses	$ 750,923	$ 767,337	$ 592,435	$ 572,028	$ 382,133
Net Revenue	$ 1,530,555	$ 1,401,573	$ 1,341,868	$ 1,289,237	$ 1,354,734
Debt Service	$ 1,195,769	$ 1,192,169	$ 1,197,769	$ 1,196,833	$ 1,201,831
Debt Service Coverage	1.280	1.176	1.120	1.077	1.127

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

7. CONTRACT REVENUE REFUNDING BONDS (SAN MARCOS WATER TREATMENT PLANT PROJECT), SERIES 2016

On July 20, 2016, GBRA authorized the issuance of Contract Revenue Refunding Bonds, Series 2016 (San Marcos Water Treatment Plant Project) in the amount of $4,850,000. Proceeds from the sale of the Bonds were used to i) refund the City of San Marcos, Texas outstanding Waterworks and Waste Water System Revenue Bonds, Series 2006 and Taxable Series 2006A, ii) purchase a surety bond to fund the Series 2016 Account of the Reserve Fund provided by Assured Guaranty Municipal Corp., and iii) pay issuance on the Bonds. As a result of the refunding, GBRA reduced its total debt service requirements by $1,371,317 and produced a net present value savings (economic gain) of $1,031,267. The original proceeds from the Series 2006 and 2006AB bonds were used to expand the capacity of the existing water treatment plant located in San Marcos, Texas.

Moody's Investors Service, Inc. ("Moody's") assigned an underlying rating on the Bonds of "Aa3".

The bonds constitute special obligations of GBRA that are secured by a first lien on and pledge of the "Pledged Revenues," which generally consist of (i) the "Gross Contract Revenues," received by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the treatment of water at a water treatment plant located in San Marcos, Texas and (ii) the interest income from funds on deposit in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund.

CONTRACT REVENUE REFUNDING BONDS, SERIES 2016 (SMWTP)

	Fiscal Year Ended August 31									
	2023		2022		2021		2020		2019	
Debt Service Component of Gross Contract Revenues, Series 2011 and 2016	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments	MGD	Debt Payments
From City of Buda, Texas	1.50	$ 94,291	1.50	$ 93,767	1.50	$ 94,998	1.50	$ 94,726	1.50	$ 94,754
From City of Kyle, Texas	4.86	305,503	4.86	303,804	4.86	307,793	4.86	306,914	4.86	307,004
From GoForth Special Utility District [1]	4.94	282,937	4.94	281,369	4.94	285,113	4.46	229,325	3.46	213,445
From Sunfield Municipal Utilities District [1]	-	27,529	-	27,370	-	27,747	0.48	82,868	1.48	98,613
From Monarch Utilities	0.50	31,430	0.50	31,256	0.50	31,666	0.50	31,431	0.50	31,444
Total Debt Commitment & Revenues	11.80	$ 741,690	11.80	$ 737,566	11.80	$ 747,317	11.80	$ 745,264	11.80	$ 745,260
Annual Debt Service Requirements										
City of San Marcos, Texas, Series 2011 [2]		$ 449,183		$ 449,183		$ 453,083		$ 450,623		$ 450,863
GBRA Contract Revenue Ref., Series 2016		262,081		262,081		269,081		265,981		267,881
Total Debt Service Requirements		$ 711,264		$ 711,264		$ 722,164		$ 716,604		$ 718,744
GBRA Debt Service Coverage Factor		1.0		1.0		1.0		1.0		1.0

(1) Sunfield MUD's Purchase Commitment fully transferred to GoForth SUD in August 2021.

(2) Includes a 20% debt coverage factor

NOTE H – CONTINUING DISCLOSURE REQUIREMENTS (CONTINUED)

8. SUBORDINATE LIEN CONTRACT REVENUE REFUNDING BONDS (REGIONAL RAW WATER DELIVERY), SERIES 2017

On April 19, 2017, GBRA authorized the issuance of Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (Regional Raw Water Delivery System Expansion Project) in the amount of $7,745,000. Proceeds from the sale of the Bonds were used to i) refund a portion of the Authority's outstanding obligations (Combination Contract Revenue, Subordinate Water Resources Division Revenue and Surplus Water Project Revenue Bonds, Series 2007A) which were issued to finance or refinance the Authority's "Raw Water Delivery System Expansion Project" for debt service savings, ii) purchase a surety bond to fund the Series 2017 Account of the Subordinate Lien Reserve Fund, and iii) pay the costs associated with the issuance of the Bonds. As a result of the refunding, GBRA reduced its total debt service requirements by $2,049,534 and produced a net present value savings (economic gain) of $1,418,630. The original proceeds from the Series 2007A and 2007B bonds were used to refund an outstanding loan and expanding the capacity of the existing Raw Water Delivery System from approximately 16 MGD to 25 MGD to a water treatment plant located in San Marcos, Texas.

Moody's Investors Service, Inc. ("Moody's") assigned an underlying rating on the Bonds of "Aa3".

The bonds constitute special obligations of GBRA that are equally and ratably payable from and secured by an irrevocable lien on and pledge of the "Pledged Revenues," which generally consist of the "Gross Contract Revenues," received by GBRA from various public and private entities pursuant to certain "Water Supply Agreements" related to the "Raw Water Delivery System" which are subordinate to the first and prior lien on such Gross Contract Revenue that have been pledged to GBRA's "Senior Lien Bonds" [Combination Contract Revenue, Subordinate Water Resources Division Revenue, and Surplus Water Project Revenue Bonds, Taxable Series 2007B] that remain outstanding following the issuance of the Bonds. Gross Contract Revenue generally consists of the revenues derived by the Authority from the Participants which constitute the payment of principal and interest requirements and the "Operation and Maintenance Expenses" of the Raw Water Delivery System.

COMBINATION CONTRACT REVENUE REFUNDING BONDS, SERIES 2007A & 2007B (RRWDS)
CONTRACT REVENUE REFUNDING BONDS, SERIES 2017 (RRWDS)

	Fiscal Year Ended August 31									
	2023		2022		2021		2020		2019	
Debt Service Component of Gross Contract Revenues	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments	GPM	Debt Payments
From Canyon Regional Water Authority	1,390	$ 138,847	1,390	$ 138,847	1,390	$ 138,847	1,390	$ 138,847	1,390	$ 138,847
From City of Buda, Texas	1,041	103,986	1,041	103,986	1,041	103,986	1,041	103,986	1,041	103,986
From City of Kyle, Texas	3,383	337,928	3,383	337,928	3,383	337,928	3,383	337,928	3,383	337,928
From GoForth Special Utility District *	3,426	342,211	3,426	342,211	3,426	311,989	3,096	251,438	2,401	234,098
From Sunfield Municipal Utilities District *	--	--	--	--	--	30,223	330	90,776	1,025	108,118
From Hays Energy, LLC	1,528	152,632	1,528	152,632	1,528	152,632	1,528	152,632	1,528	152,632
From Monarch	350	34,962	350	34,962	350	34,962	350	34,962	350	34,962
Total Debt Commitment & Revenues	11,118	$ 1,110,566	11,118	$ 1,110,566	11,118	$ 1,110,567	11,118	$ 1,110,569	11,118	$ 1,110,571
Annual Debt Service Requirements										
Combination Contract Revenue, Series 2007A		$ --		$ --		$ --		$ --		$ --
Combination Contract Revenue, Series 2007B		465,876		465,876		470,067		468,551		466,328
Contract Revenue Refunding, Series 2017		506,331		506,331		504,131		501,631		501,531
Total Debt Service Requirements		$ 972,207		$ 972,207		$ 974,198		$ 970,182		$ 967,859
Debt Service Coverage Factor		1.14		1.14		1.14		1.14		1.15

* Sunfield MUD's Purchase Commitment fully transferred to GoForth SUD in August 2021.

NOTE I - SUBSEQUENT EVENTS

Carrizo Groundwater Supply Project. This groundwater development project, originally planned to generate 15,000 acre-feet per year of groundwater, has been expanded for an additional 9,000 acre-feet per year. The water will be distributed to customers that have contracts with GBRA including New Braunfels Utilities, City of Lockhart, Goforth Special Utility District, County Line Special Utility District, Maxwell Special Utility District, and Camino Real Utility. As of FY 2023, GBRA has closed on $252,625,000 in bonds through the Texas Water Development Board's (TWDB) State Water Implementation Fund of Texas (SWIFT) program. In November 2023, subsequent to these financial statements, GBRA closed on the final tranche of the TWDB's commitment totaling $72,665,000. The project is under construction and scheduled for initial water delivery in 2024.

NOTE J – CONTINGENT LITIGATION

It is the opinion of GBRA's legal team that there is no pending litigation against GBRA that would have a material adverse financial impact upon GBRA or its operations.

NOTE K – COMMITMENTS AND CONTINGENCIES

The Authority has signed construction contracts that continue into subsequent years. The value of service provided and the corresponding liability as of August 31, 2023 has been accrued in these financial statements.

NOTE L – CAPITAL CONTRIBUTIONS

Over the course of two fiscal years, GBRA received grants totaling $1,880,000 from PepsiCo & Frito-Lay for the replacement of radial gates at Goff Bayou in Calhoun County. The full amount of the grant proceeds were provided to GBRA upon execution of a grant agreement. As such, capital contributions are recognized when proceeds are expended. Capital contributions of $124,110 and $281,654 were recognized in FY 2023 and FY 2022, respectively.

NOTE M- LEASED ASSETS

GBRA has entered into various lease agreements that were recognized in accordance with GASB Statement No 87, Leases. The agreements are long-term leases with a weighted average maturity of 4.49 years to maturity and a weighted average discount rate of 3.67% for FY 2023.

Right-to-use lease asset activity for the FY 2023 and 2022 was as follows:

	Balance August 31, 2021	Additions	Deductions	Balance August 31, 2022	Additions	Deductions	Balance August 31, 2023
Right-to-use lease asset	$ --	$ 815,118	$ --	$ 815,118	$ 909,205	$ --	$ 1,724,323
Accumulated amortization	--	(262,914)	--	(262,914)	(197,338)	--	(460,252)
Net right-to-use lease asset	$ --	$ 552,204	$ --	$ 552,204	$ 711,867	$ --	$ 1,264,071

Right-to-use lease liability for the FY 2023 and 2022 was as follows:

	Balance August 31, 2021	Additions	Deductions	Balance August 31, 2022	Additions	Deductions	Balance August 31, 2023	Due within One year
Lease liability	$ --	$ 815,118	$ (182,167)	$ 632,951	$ 909,205	$ (198,901)	$ 1,343,255	$312,241

Future minimum lease payments on these leases are as follows:

Year Ended August 31,	Principal	Interest
2024	$ 312,241	$ 44,253
2025	312,388	34,578
2026	266,120	24,591
2027	258,167	14,300
2028	148,998	5,579
2029-2033	45,341	3,096
	$ 1,343,255	$ 126,397

NOTE N- RESTATEMENT OF NET POSITION

During fiscal year 2023, GBRA adopted GASB Statement No. 87, Leases. With the adoption of this standard, GBRA must recognize certain lease assets and liabilities for leases. Adoption of GASB No. 87 required a Restatement of Net Position to report the effect of GASB 87 retroactively. The adjustment required for the Restatement of Net Position for the prior period was ($80,747).

NOTE O - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES

GBRA is comprised of ten (10) divisions. These funds provide various services including raw and treated water supply, wastewater treatment and disposal, water quality monitoring, cooling reservoir operation, parks and recreational opportunities, as well as, hydroelectric generation. Governments that use enterprise funds accounting and reporting standards to report their activities are required to present segment information. A segment is an identifiable activity reported as or within an enterprise fund or another stand-alone entity that has one or more bonds outstanding with a revenue stream pledged in support of that debt, and the activity is externally required to maintain separate accounts.

All operating revenues result from charges for services.
Segment information at August 31, 2023 and 2022 can be found on the following tables:

AUGUST 31, 2023	Lake Dunlap	Lake McQueeney	Lake Placid	Stein Falls	Dietz	Water Sales	Western Canyon WTP	Carrizo Water	Luling Water Plant	Total
REVENUES, EXPENSES AND CHANGES IN NET POSITION										
Operating Revenue	$ --	$ --	$ --	$ 5,379,694	$ 39,903	$ 29,070,970	$ 9,975,660	$ 4,003,419	$1,526,544	$ 49,996,190
Operating Expenses	(167,501)	(49,435)	(269,716)	(1,925,430)	(64,938)	(21,362,491)	(4,156,912)	(1,433,359)	(1,424,731)	(30,854,514)
Depreciation and Amortization Exp	--	--	--	(286,851)	29,370	(2,207,234)	(1,779,333)	--	(144,428)	(4,388,476)
Operating Income	(167,501)	(49,435)	(269,716)	3,167,414	4,334	5,501,244	4,039,415	2,570,060	(42,615)	14,753,199
Nonoperating Revenue (Expenses)	2,067,453	1,966,015	2,516,891	(620,744)	(216,542)	1,751,059	(2,457,181)	(4,232,618)	388,369	1,162,702
Costs to be Recovered (Deferred Rev)	--	--	--	--	--	(577,430)	--	--	(147,153)	(724,583)
Change in Net Position	$ 1,899,952	$ 1,916,580	$ 2,247,175	$ 2,546,670	$ (212,208)	$ 6,674,873	$ 1,582,233	$ (1,662,558)	$ 198,601	$ 15,191,319
NET POSITION ACTIVITIES										
Current Assets	$ 665,447	$ 289,377	$ 491,681	$ 6,251,738	$ 597,633	$ 25,874,256	$ 3,565,606	$ 5,653,199	$1,504,759	$ 44,893,696
Capital Assets	37,646,893	13,414,592	8,333,504	26,902,555	5,843,118	92,651,477	54,806,815	206,074,111	4,412,395	450,085,461
Other Assets	6,278,543	33,228,601	32,826,988	2,280,332	1,206,952	14,000,824	--	48,926,022	--	138,748,262
Total Assets	44,590,884	46,932,570	41,652,173	35,434,625	7,647,703	132,526,557	58,372,422	260,653,332	5,917,154	$633,727,419
Deferred Outflow of Resources	--	--	--	--	--	--	1,181,343	--	--	1,181,343
Total Assets and Deferred Outflows	$ 44,590,884	$46,932,570	$41,652,173	$35,434,625	$7,647,703	$132,526,557	$ 59,553,764	$260,653,332	$5,917,154	$634,908,762
Current Liabilities	$ 4,907,121	$ 929,933	$ 1,239,560	$ 1,515,496	$ 11,833	$ 5,802,738	$ 4,849,001	$ 14,463,913	$ 626,355	$ 34,345,950
Long Term Liabilities	38,580,000	40,000,000	39,060,000	24,587,288	7,024,136	50,562,004	40,418,070	252,305,000	2,211,275	494,747,773
Total Liabilities	43,487,121	40,929,933	40,299,560	26,102,785	7,035,968	56,364,741	45,267,071	266,768,913	2,837,630	529,093,722
Deferred Inflows of Resources	--	--	--	--	--	2,464,612	10,580,868	--	793,903	13,839,383
Net Investments in Capital Assets	5,345,437	1,817,281	2,100,492	2,178,148	535,070	35,390,457	13,361,168	2,695,133	1,915,925	65,339,109
Restricted	6,309,177	6,843	2,396	228,535	21,934	5,776,583	402,363	3,797,383	219,202	16,764,416
Unrestricted	(10,550,850)	4,178,515	(750,276)	6,925,157	54,730	32,530,163	(10,057,705)	(12,608,097)	150,494	9,872,131
Total Net Position	1,103,763	6,002,638	1,352,612	9,331,840	611,734	73,697,203	3,705,826	(6,115,582)	2,285,621	$ 91,975,656
Total Liabilities, Deferred Inflows and Net Position	$ 44,590,884	$46,932,570	$41,652,173	$35,434,625	$7,647,703	$132,526,557	$ 59,553,764	$260,653,332	$5,917,154	$634,908,762
Revenue Bonds Payable	$ 38,580,000	$40,000,000	$39,060,000	$21,400,000	$6,515,000	$ 52,904,305	$ 44,505,000	$252,305,000	$2,496,470	$497,765,775
Loans Payable	--	--	--	1,515,000	--	882,198	--	--	--	2,397,198
CASH FLOW ACTIVITIES										
Cash Flows										
Operating Activities	$ 3,497,878	$ 1,298,879	$ 1,734,644	$ 1,090,373	$ (41,037)	$ 5,831,835	$ 6,125,393	$ (4,140,526)	$ 348,159	$ 15,745,599
Capital & Related Financing Activites	(17,515,076)	(1,213,770)	1,079,112	(1,887,679)	(279,112)	(8,120,899)	(4,545,498)	(1,865,764)	(11,845)	(34,360,531)
Noncapital Financing Activities	--	(7,756,366)	--	--	--	1,289,910	--	(192,400)	--	(6,658,856)
Investing Activities	(60,846)	1,682,859	(577,807)	189,204	70,816	(9,524,784)	(1,513,773)	2,607,202	307,157	(6,819,971)
	$(14,078,044)	$ (5,988,398)	$ 2,235,949	$ (608,102)	$ (249,332)	$ (10,523,938)	$ 66,122	$ (3,591,488)	$ 643,471	$ (32,093,760)
Current Cash and Cash Equivalents										
At Beginning of Year	--	1,781	378	3,541,858	855,841	13,564,026	2,306,860	1,686,444	698,879	22,656,067
At End of Year	--	--	--	5,438,529	565,059	10,237,202	2,910,144	1,763,221	1,159,547	22,073,702
Net Increase (Decrease)	$ --	$ (1,781)	$ (378)	$ 1,896,671	$ (290,782)	$ (3,326,824)	$ 603,283	$ 76,777	$ 460,668	$ (582,366)
Restricted Cash and Cash Equivalents										
At Beginning of Year	20,387,221	39,222,060	30,835,065	5,013,641	1,187,435	10,521,159	939,524	56,391,670	36,399	164,534,173
At End of Year	6,309,177	33,235,444	33,071,392	2,508,868	1,228,886	3,324,045	402,363	52,723,405	219,202	133,022,781
Net Increase (Decrease)	(14,078,044)	(5,986,617)	2,236,327	(2,504,773)	41,451	(7,197,114)	(537,161)	(3,668,265)	182,803	(31,511,393)
	$(14,078,044)	$ (5,988,398)	$ 2,235,949	$ (608,102)	$ (249,332)	$ (10,523,938)	$ 66,122	$ (3,591,488)	$ 643,471	$ (32,093,760)

NOTE O - SEGMENT INFORMATION, INCLUDING INTERFUND RECEIVABLES/PAYABLES (CONTINUED)

AUGUST 31, 2022	Lake Dunlap	Lake McQueeney	Lake Placid	Stein Falls	Dietz	Water Sales	Western Canyon WTP	Carrizo Water	Luling Water Plant	Total
REVENUES, EXPENSES AND CHANGES IN NET POSITION										
Operating Revenue	$ 1,104	$ --	$ --	$ 3,322,308	$ 1,127,472	$ 26,624,715	$ 9,244,835	$ 1,815,232	$ 1,784,908	$ 43,920,574
Operating Expenses	--	(59)	--	(1,673,330)	(24,418)	(19,831,688)	(3,679,367)	(1,226,337)	(1,336,459)	(27,771,658)
Depreciation and Amortization Exp	--	--	--	(193,023)	25,209	(2,163,959)	(1,925,013)	--	(144,738)	(4,401,524)
Operating Income	1,104	(59)	--	1,455,956	1,128,263	4,629,068	3,640,454	588,895	303,711	11,747,392
Nonoperating Revenue (Expenses)	115,399	(799,647)	(854,959)	(1,035,095)	(304,321)	272,299	(2,258,988)	(5,219,797)	(96,290)	(10,181,399)
Costs to be Recovered (Deferred Rev	--	--	--	--	--	(512,876)	--	--	(137,153)	(650,029)
Change in Net Position	$ 116,503	$ (799,706)	$ (854,959)	$ 420,860	$ 823,942	$ 4,388,491	$ 1,381,467	$ (4,630,902)	$ 70,268	$ 915,964
NET POSITION ACTIVITIES										
Current Assets	$ 38,540	$ 3,145	$ 2,900	$ 4,525,398	$ 879,932	$ 20,593,159	$ 2,915,054	$ 3,021,999	$ 1,171,027	$ 33,151,154
Capital Assets	21,585,466	6,181,275	1,318,478	26,336,655	5,843,118	86,118,208	55,133,712	168,931,768	4,498,872	375,947,551
Other Assets	20,386,037	39,220,782	30,832,669	4,789,227	1,165,256	16,611,971	455,651	55,140,374	--	168,601,967
Total Assets	42,010,043	45,405,202	32,154,046	35,651,280	7,888,306	123,323,338	58,504,417	227,094,141	5,669,899	$ 577,700,672
Deferred Outflow of Resources	--	--	--	--	--	--	1,362,646	--	--	1,362,646
Total Assets and Deferred Outflows	$ 42,010,043	$ 45,405,202	$ 32,154,046	$ 35,651,280	$ 7,888,306	$ 123,323,338	$ 59,867,063	$ 227,094,141	$ 5,669,899	$ 579,063,318
Current Liabilities	$ 4,226,232	$ 905,120	$ 1,493,609	$ 4,058,126	$ 10,858	$ 6,902,681	$ 4,421,107	$ 18,912,165	$ 405,359	$ 41,335,258
Long Term Liabilities	38,580,000	40,000,000	31,555,000	24,682,983	7,053,506	48,323,551	44,443,577	212,635,000	2,530,771	449,804,388
Total Liabilities	42,806,232	40,905,120	33,048,609	28,741,109	7,064,364	55,226,232	48,864,684	231,547,165	2,936,130	491,139,645
Deferred Inflows of Resources	--	--	--	--	--	1,406,472	8,878,941	--	646,750	10,932,163
Net Investments in Capital Assets	1,971,504	5,402,057	(343,854)	6,130,525	(45,131)	34,230,975	10,335,268	11,117,142	1,692,905	70,491,391
Restricted	1,183	1,278	2,396	411,786	22,179	5,684,517	483,873	1,251,296	205,147	8,063,656
Unrestricted	(2,768,876)	(903,254)	(553,105)	367,860	846,894	26,775,141	(8,695,702)	(16,821,461)	188,967	(1,563,536)
Total Net Position	(796,189)	4,500,082	(894,563)	6,910,171	823,942	66,690,634	2,123,439	(4,453,024)	2,087,019	$ 76,991,510
Total Liabilities, Deferred Inflows and Net Position	$ 42,010,043	$ 45,405,202	$ 32,154,046	$ 35,651,280	$ 7,888,306	$ 123,323,338	$ 59,867,063	$ 227,094,141	$ 5,669,899	$ 579,063,318
Revenue Bonds Payable	$ 40,000,000	$ 40,000,000	$ 32,495,000	$ 23,168,756	$ 7,053,506	$ 50,134,730	$ 48,463,577	$ 212,955,000	$ 2,805,966	$ 457,076,535
Loans Payable	--	--	--	1,639,228	--	1,162,809	--	--	--	2,802,037
CASH FLOW ACTIVITIES										
Cash Flows										
Operating Activities	$ (141,634)	$ 321,575	$ 244,253	$ (2,609,075)	$ 1,102,842	$ 7,458,010	$ 5,683,659	$ 8,926,021	$ 200,250	$ 21,185,900
Capital & Related Financing Activite	(15,310,748)	34,541,888	30,387,709	13,955,406	910,174	3,458,385	(3,943,054)	(31,414,119)	(402,121)	32,183,520
Noncapital Financing Activities	--	5,250,550	(713,052)	--	--	476,184	--	(348,888)	--	4,664,794
Investing Activities	112,221	121,298	94,801	110,755	30,261	(6,654,520)	(1,251,101)	246,303	(165,549)	(7,355,530)
	$ (15,340,161)	$ 40,235,311	$ 30,013,711	$ 11,457,086	$ 2,043,276	$ 4,738,059	$ 489,504	$ (22,590,683)	$ (367,420)	$ 50,678,684
Current Cash and Cash Equivalents										
At Beginning of Year	--	(1,011,471)	--	(3,233,897)	--	12,847,933	1,827,613	1,149,992	903,824	12,483,994
At End of Year	--	1,781	378	3,541,858	855,841	13,564,026	2,306,860	1,686,444	698,879	22,656,067
Net Increase (Decrease)	$ --	$ 1,013,251	$ 378	$ 6,775,756	$ 855,841	$ 716,093	$ 479,247	$ 536,452	$ (204,945)	$ 10,172,073
Restricted Cash and Cash Equivalents										
At Beginning of Year	35,727,382	--	821,732	332,310	--	6,499,193	929,267	79,518,805	198,874	124,027,563
At End of Year	20,387,221	39,222,060	30,835,065	5,013,641	1,187,435	10,521,159	939,524	56,391,670	36,399	164,534,174
Net Increase (Decrease)	(15,340,161)	39,222,060	30,013,333	4,681,331	1,187,435	4,021,966	10,257	(23,127,135)	(162,475)	40,506,610
	$ (15,340,161)	$ 40,235,311	$ 30,013,711	$ 11,457,086	$ 2,043,276	$ 4,738,059	$ 489,504	$ (22,590,683)	$ (367,420)	$ 50,678,684

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

Proposed Form of Opinion of Bond Counsel

An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.

________, 2024

**GUADALUPE-BLANCO RIVER AUTHORITY
REVENUE IMPROVEMENT BONDS, SERIES 2024
(STEIN FALLS WASTEWATER SYSTEM PROJECT)
IN THE AGGREGATE PRINCIPAL AMOUNT OF $__________**

AS BOND COUNSEL FOR THE GUADALUPE-BLANCO RIVER AUTHORITY (the "***Issuer***"), we have examined into the legality and validity of the Bonds described above (the "***Bonds***"), which bear interest at the rates and from the dates, mature on the dates, and are subject to redemption, in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the resolution authorizing the issuance of the Bonds and the "Approval Certificate" attached thereto (collectively, the "***Resolution***"), (ii) one of the executed Bonds (Bond No. R-1), and (iii) the Issuer's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding special obligations of the Issuer; that the Issuer has the legal authority to issue the Bonds and to repay the Bonds; and that the Bonds, together with the "Parity Obligations" as described and defined in the Resolution, are secured by and payable from an irrevocable first lien on and pledge of the "Net Revenues," (as defined in the Resolution), which consist generally of the revenues, income and receipts of any nature derived and received by GBRA from the ownership and operation of GBRA's Stein Falls Wastewater System, less "Current Expenses of the System" (as defined in the Resolution).

THE OWNERS OF THE BONDS shall never have the right to demand payment of the Bonds from money raised or to be raised by taxation or from any source whatsoever other than the Net Revenues described in the Resolution.

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F 713.980.0510

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Suite 1310
San Antonio, Texas 78205
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F 210.225.2984

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IT IS FURTHER OUR OPINION that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "***Code***"). In expressing the aforementioned opinions, we have relied on certain representations by the Issuer the accuracy of which we have not independently verified, and assume compliance by Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact if such representations are determined to be inaccurate, or upon a failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

THE ISSUER HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to issue Additional Bonds (as defined in the Resolution) which also may be secured by and made payable from a first lien on and pledge of the aforesaid Net Revenues on a parity with the Bonds.

THE ISSUER ALSO HAS RESERVED THE RIGHT, subject to the restrictions stated in the Resolution, to amend the Resolution with the consent of at least a majority in aggregate principal amount of all outstanding Parity Obligations (including the Bonds).

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "***Service***"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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 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 Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and we have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds, and we have relied solely on certificates executed by officials of the Issuer as to the Issuer's Net Revenues. Our role in connection with the Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

Respectfully,