

OFFICIAL NOTICE OF SALE

\$7,500,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 25
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)
UNLIMITED TAX BONDS, SERIES 2024

Bids Due: Tuesday, November 19, 2024 at 9:30 AM, CST
Bid Award: 12:00 P.M., CST

The Bonds are obligations solely of Williamson County Municipal Utility District No. 25 (the "District") and are not obligations of the City of Georgetown, Texas; Williamson County, Texas; the State of Texas (the "State") or any entity other than the District.

THE DISTRICT WILL DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

BONDS OFFERED FOR SALE BY COMPETITIVE BIDDING . . . The Board of Directors (the "Board") of the Williamson County Municipal Utility District No. 25 (the "District") is inviting competitive bids for the purchase of \$7,500,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

- (1) Deliver bids directly to the District as described below in "Bids Delivered to the District;" or
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone as described below in "Bids by Telephone."

BIDS DELIVERED TO THE DISTRICT . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to "President and Board of Directors, Williamson County Municipal Utility District No. 25" and delivered to Specialized Public Finance Inc. ("SPFI"), 248 Addie Roy Road, Suite B-103, Austin, Texas 78746 prior to 9:30 AM, CST, on November 19, 2024. All bids must be submitted in duplicate on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Bidders must submit by e-mail or facsimile (garry@spfmuni.com/(512) 275-7305), prior to 9:30 AM, CST on Tuesday, November 19, 2024, a signed Official Bid Form to Garry Kimball, SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746. Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from PARITY Customer Support, 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5000.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the net interest cost to the District, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

BIDS BY TELEPHONE . . . Bidders must submit by e-mail or facsimile (garry@spfmuni.com/(512) 275-7305) prior to 9:30 AM, CST on Tuesday, November 19, 2024, a signed Official Bid Form to Garry Kimball, SPFI, 248 Addie Roy Road, Suite B-103, Austin, Texas 78746, and submit their bid by telephone on the date of the sale.

Facsimile bids will not be accepted.

The District and SPFI are not responsible if such telephone is busy or is malfunctioning, which prevents a bid or bids from being submitted on a timely basis. SPFI will not be responsible for submitting any bids received after the above deadlines. The District and SPFI assume no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone option is exercised.

PLACE AND TIME OF BID OPENING . . . The Board will publicly review bids for the purchase of the Bonds at the designated meeting place at 12:00 P.M., CST, on the date of the bid opening, at the offices of Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701.

AWARD OF BONDS . . . Upon awarding the Bonds to the winning bidder (the “Initial Purchaser”), the Board will adopt a resolution authorizing the issuance of the Bonds (the “Bond Resolution”). Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Resolution, to which Bond Resolution reference is hereby made for all purposes and subject to compliance with Texas Government Code § 2252.908 as more fully described below. The District reserves the right to reject any and all bids and to waive any irregularities, except the time of filing.

THE BONDS

DESCRIPTION OF BONDS . . . The Bonds will be dated December 19, 2024, and interest will accrue from the Date of Initial Delivery, will be payable on February 15, 2025, and on each August 15 and February 15 thereafter until the earlier of maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the book-entry-only system described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity, and principal and interest will be paid by UMB Bank, N.A., Austin, Texas (the “Paying Agent/Registrar”) 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 Preliminary Official Statement (made a part hereof) for a more complete description of the Bonds, including redemption provisions. The Bonds will mature on August 15 in the years and amounts as follows:

MATURITY SCHEDULE

Maturity (August 15)	Principal Amount	Maturity (August 15)	Principal Amount
2026	\$ 165,000	2038	\$ 300,000
2027	175,000	2039	315,000
2028	185,000	2040	335,000
2029	190,000	2041	350,000
2030	200,000	2042	370,000
2031	215,000	2043	390,000
2032	225,000	2044	405,000
2033	235,000	2045	430,000
2034	245,000	2046	450,000
2035	260,000	2047	475,000
2036	275,000	2048	500,000
2037	285,000	2049	525,000

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

REDEMPTION PROVISIONS . . . Bonds maturing on and after August 15, 2031, are subject to redemption prior to maturity, at the option of the District, in whole or in part, on August 15, 2030, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder designates principal amounts to be combined into one or more term bonds (“Term Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year shall be equal to the principal amount for such year set forth above under the captioned “MATURITY SCHEDULE.” Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par by lot or other customary method. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of Term Bonds that have been redeemed in such year and have not been the basis for any prior optional redemption.

SOURCE OF PAYMENT . . . The Bonds will constitute valid and legally binding obligations of the District, with principal and interest payable solely from the proceeds of a continuing, direct, annual ad valorem tax levied against all taxable property located within

the District, without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the City of Georgetown, Texas; Williamson County, Texas; the State or any entity other than the District.

BOOK-ENTRY-ONLY SYSTEM . . . The District intends to utilize the book-entry-only system of DTC. See “BOOK-ENTRY-ONLY SYSTEM” in the Preliminary Official Statement.

REGISTERED FORM REQUIREMENT . . . Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) must be in registered form in order for the interest payable on such obligations to be excluded from the Registered Owners’ income for federal income tax purposes.

SUCCESSOR PAYING AGENT/REGISTRAR . . . Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a corporation organized and doing business under the laws of the United States of America or any state thereof subject to supervision or examination by federal or state banking authorities.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES . . . The Bonds will be sold in one block on an “all or none” basis at a price of not less than ninety-seven percent (97%) of the par value. Bidders are to name the rate or rates of interest to be borne by the Bonds, provided that each interest rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1%. The net effective interest rate on the Bonds may not exceed a rate which is two percentage points (2.00%) above the highest “20 Bond Index” as reported by the “Bond Buyer” during the thirty (30) day period prior to the date of this Official Notice of Sale. Subject to the conditions below, no limitation will be imposed upon bidders as to the number of interest rates that may be used, but the highest interest rate bid may not exceed the lowest interest rate bid by more than 2.5% in rate. For Bonds having stated maturities on and after August 15, 2031, no reoffering yield producing a dollar price less than 95% for any individual maturities will be accepted. All Bonds maturing within a single year must bear the same rate of interest. No bids for the Bonds involving supplemental interest rates will be considered. Each bidder shall state in its bid the total and net interest cost in dollars and the net effective interest rate determined thereby, which shall be considered informative only and not as a part of the bid. No bid generating a cash premium greater than \$5,000 will be considered.

BASIS OF AWARD . . . For the purpose of awarding the sale of the Bonds, the interest cost of each bid will be computed by determining, at the interest rate or rates specified therein, the total dollar value of all interest on the Bonds from the Date of Initial Delivery to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or subtracting therefrom the dollar amount of the premium bid, if any. Subject to the District’s right to reject any or all bids and the bidder’s compliance with Texas Government Code § 2252.908 (which is described in detail herein), the Bonds will be awarded to the bidder whose bid, under the above computation, produces the lowest net effective interest rate to the District. In the event mathematical discrepancies between the interest rate or rates and the interest costs determined therefrom, as both appear on the Official Bid Form, the bid will be solely governed by the interest rates shown on the Official Bid Form.

In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the District with a breakdown of its “underwriting spread” among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

COMPETITIVE BIDDING AND CERTIFICATE OF UNDERWRITER . . . In the event that the District does not receive sufficient qualified bids to satisfy the competitive sale requirements of Treasury Regulation §1.148-1(f)(3)(i), allowing the District to treat the reasonably expected initial offering price to the public as of the sale date as the issue price of the bonds, the “hold-the-offering-price rule” shall apply, which will allow the District to treat the initial offering price to the public of each maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule applies to any maturity of the Bonds, the Initial Purchaser will neither offer nor sell that maturity to any person at the price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following: (i) the date on which the Initial Purchaser has sold at least 10 percent of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public or (ii) the close of the fifth business day after the sale date. The Initial Purchaser agrees to promptly report to the District’s financial advisor when it has sold 10 percent of a maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public if that occurs prior to the close of the fifth business day after the sale date. Alternative Issue Price Certificates are attached for use (I) when the competitive sale requirements of Treasury Regulation §1.148-1(f)(3)(i) are met and (II) when such requirements are not met.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 (“TEC FORM 1295”) BY BIDDERS . . . Pursuant to Texas Government Code §2252.908 (the “Interested Party Disclosure Act” or the “Act”), the District may not award the Bonds to a bidder unless the bidder and each syndicate member listed on the Official Bid Form, unless such bidder or syndicate member is exempt from such requirements pursuant to Texas Government Code §2252.908(c)(4), have provided to the District a completed and signed TEC Form 1295 which has been assigned a certificate number by the Texas Ethics Commission (the “TEC”). Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC’s website, assigned a certificate number, printed, signed, and provided to the District. The TEC Form 1295 may accompany the Official Bid Form or may be submitted

separately, but must be provided to the District prior to the time prescribed for the award of the Bonds. The TEC Form 1295 may be provided to the District via facsimile or electronically, however, the original signed TEC Form 1295 complete with certificate number must be physically delivered to the District within two business days of the award. Following the award of the Bonds, the District will notify the TEC of the receipt of each completed TEC Form 1295. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein or to waive any such requirements. For purposes of completing the TEC Form 1295, the entity's name is Williamson County Municipal Utility District No. 25 and the contract ID number is WCMUD25-S2024. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

STANDING LETTER REQUIREMENT . . . Each prospective bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office as required by, and compliant in all respects with, the All Bond Counsel Letter of the Texas Attorney General dated November 1, 2023, as supplemented on November 16, 2023 and December 29, 2023, and any All Bond Counsel Letter issued hereafter (collectively, the "All Bond Counsel Letter"). In submitting a bid, a bidder represents to the District that it has filed a standing letter that conforms to the requirements set forth in the All Bond Counsel Letter and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time during the period of time required by the All Bond Counsel Letter and at least not before the delivery of the Bonds unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

COMPLIANCE WITH LAWS PROHIBITING CONTRACT WITH CERTAIN COMPANIES . . . The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, solely for purposes of Chapter 2271 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company¹ that boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, the District will not award the Bonds to a bidder unless the bidder certifies that, solely for purposes of Chapter 2252 of the Texas Government Code, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company² (i) that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

Additionally, the District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, solely for purposes of Chapter 2276 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company¹ that boycotts or will boycott energy companies. The terms "boycotts energy companies" and "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001 of the Texas Government Code, as amended.

Additionally, the District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, solely for purposes of Chapter 2274 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on the Official Bid Form is a Company¹ that has a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will discriminate against a firearm entity or firearm trade association. The term "discriminates against a firearm entity or firearm trade association" as used in this paragraph has the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3) of the Texas Government Code.

Notwithstanding anything contained herein, any prospective bidder agrees that liability for breach of verification of the statutory representations and covenants provided above as required by Chapters 2252, 2271, 2274 and 2276 of the Texas Government Code during the term of the contract shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the contract.

By submitting a bid, a bidder makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, at the request of the District, agrees to execute further written certifications as may be necessary or convenient for the District to establish compliance with the aforementioned laws.

¹ "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit, but does not mean a sole proprietorship.

² "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

CONTRACTING INFORMATION . . . The District will not award the Bonds to a bidder unless the bidder verifies on behalf of itself and each syndicate member listed on the Official Bid Form that, the bidder and each syndicate member listed on the Official Bid Form will (i) preserve all contracting information related to the bid as provided by the records retention requirements applicable to the District through the delivery date of the Bonds, (ii) promptly provide to the District any contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member on request of the District, and (iii) upon delivery of the Bonds to the bidder, either (a) provide at no cost to the District all contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member or (b) preserve the contracting information related to the bid as provided by the records retention requirements applicable to the District. The term “contracting information” as used in this paragraph has the meaning assigned to such term in Section 552.003 of the Texas Government Code.

GOOD FAITH DEPOSIT . . . Each bid must be accompanied by a bank cashier’s check payable to the order of “Williamson County Municipal Utility District No. 25” in the amount of \$150,000, which represents two percent (2%) of the principal amount of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the “Initial Purchaser”) will be retained uncashed by the District until the Bonds are delivered. In the event the Initial Purchaser should fail or refuse to accept delivery of and pay for the Bonds in accordance with its bid, then the Good Faith Deposit shall be cashed and the proceeds accepted by the District as full and complete liquidated damages against the Initial Purchaser. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn to authorize its use as a Good Faith Deposit by the bidder, who shall be named in such instructions. The Good Faith Deposit will be returned immediately after full payment has been made by the Initial Purchaser to the District in federal or immediately available funds in the amount of the purchase price plus accrued interest thereon. No interest will be paid on the Good Faith Deposit. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Bonds has been made..

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BONDS . . . Initial delivery (“Initial Delivery”) will be accomplished by the issuance of one initial bond payable in installments (collectively, the “Initial Bond”), either in typed or printed form, in the aggregate principal amount of \$7,500,000, registered in the name of the Initial Purchaser, manually signed by the President or Vice President and Secretary or Assistant Secretary of the Board, or executed by the facsimile signatures of the President or Vice President and Secretary or Assistant Secretary of the Board, and approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of Texas or his authorized deputy. Upon delivery of the Initial Bond, the Paying Agent/Registrar shall immediately cancel the Initial Bond and one definitive Bond for each maturity will be registered and delivered only to Cede & Co. in connection with DTC’s book-entry-only system. Initial Delivery will be at a corporate trust office of the Paying Agent/Registrar in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given six (6) business days’ notice of the time fixed for delivery of the Bonds. It is anticipated that Initial Delivery can be made on or about December 19, 2024, and subject to the aforementioned notice it is understood and agreed that the Initial Purchaser will accept delivery of and make payment for the Bonds by 10:00 AM, CST, on December 19, 2024, or thereafter on the date the Bonds are tendered for delivery, up to and including January 2, 2025. If for any reason the District is unable to make delivery on or before January 2, 2025, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend its offer within six (6) business days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Official Notice of Sale. The Financial Advisor will obtain CUSIP identification numbers from the CUSIP Service Bureau, New York, New York prior to the date of sale. CUSIP identification numbers will be made available to the Initial Purchaser at the time the Bonds are awarded or as soon thereafter as practicable.

CONDITIONS TO DELIVERY . . . The obligation to take up and pay for the Bonds is subject to the following conditions: issuance of an approving opinion of the Attorney General of Texas, the Initial Purchaser’s receipt of typewritten bonds, the legal opinion of Bond Counsel, and the No-Litigation Certificate, all of which are described herein, and the non-occurrence of the events described below under the caption “No Material Adverse Change.” In addition, if the District fails to comply with its obligations described in the Preliminary Official Statement, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

LEGAL OPINIONS . . . The District will furnish without cost to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the unqualified approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, and, based upon an examination of such transcript of proceedings, the approving legal opinion of Allen Boone Humphries Robinson LLP, Austin, Texas, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity,

bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principal of equity and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

CERTIFICATION REGARDING OFFERING PRICE OF BONDS . . . In order to provide the District with information to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the Bonds from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute and deliver to the District (on or before the date of delivery of the Bonds) a certification regarding "issue price" in the form accompanying this OFFICIAL NOTICE OF SALE. In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to certify actual sales of Bonds at a particular price prior to delivery. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate by the date of delivery of the Bonds if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

NO-LITIGATION CERTIFICATE . . . With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the best knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

NO MATERIAL ADVERSE CHANGE . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the condition that to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the conditions of the District from those set forth in or contemplated by the Official Statement, as it may have been supplemented or amended through the date of sale.

RULE G-32 REQUIREMENTS . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-32 within the required time frame.

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

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

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

RULE 15c2-12 COMPLIANCE

CONTINUING DISCLOSURE . . . The District will agree in the Bond Resolution to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission ("SEC") Rule 15c2-12, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Bond Resolution containing the agreement described under such heading.

SUBSTANTIVE REQUIREMENTS FOR OFFICIAL STATEMENT . . . To the best knowledge and belief of the Issuer, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

FINAL OFFICIAL STATEMENT . . . The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds but does not intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District intends the Preliminary Official Statement to be

final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Initial Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Bonds. Thereafter, the District will complete and authorize distribution of the Official Statement identifying the Initial Purchaser and containing such omitted information. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of SEC Rule 15c2-12(f)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are being, or which will be made by the District, are those described and contained in the Official Statement under the caption “PREPARATION OF OFFICIAL STATEMENT – Certification of Official Statement.”

CHANGES TO OFFICIAL STATEMENT . . . If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, as described above under “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Conditions to Delivery,” the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers in which case the District’s obligations hereunder will extend for an additional period of time as provided in SEC Rule 15c2-12 (but not more than 90 days after the date the District delivers the Bonds).

DELIVERY OF OFFICIAL STATEMENTS . . . The District shall furnish to the Initial Purchaser (and to each participating Initial Purchaser of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements specified in the winning bid, not to exceed 250 copies. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential purchasers of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement specified in the winning bid and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

GENERAL CONSIDERATIONS

MUNICIPAL BOND RATING . . . The Bonds have been rated “Baa2” by Moody’s Investors Service, Inc. (“Moody’s”) without regard to credit enhancement. The District will pay the rating fees charged by Moody’s.

MUNICIPAL BOND INSURANCE . . . Application have been made to various municipal bond insurance companies. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to any rating agency as a result of said insurance will be paid by the District. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds. Any downgrade by the rating agency of the bond insurance provider shall not relieve the Initial Purchaser of its obligation.

RISK FACTORS . . . The Bonds involve certain risk factors. Prospective bidders are urged to examine carefully the entire Preliminary Official Statement, made a part hereof, with respect to the investment security of the Bonds. Particular attention should be given to the information set forth therein under the caption “RISK FACTORS.”

RESERVATION OF RIGHTS . . . The District reserves the right to reject any and all bids and to waive any and all irregularities except time of filing.

NOT AN OFFER TO SELL . . . This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; and the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions. By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states

other than the State will be made pursuant to exemptions from registration or qualification, or where necessary, the Initial Purchaser will register the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold. The District agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds or obtaining an exemption from registration or qualification (other than filing a consent to service of process in such state), in any state where such action is necessary.

ADDITIONAL COPIES OF DOCUMENTS . . . Additional copies of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form may be obtained from the Financial Advisor, Garry Kimball, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

President
Board of Directors
Williamson County Municipal Utility District No. 25

November 5, 2024

OFFICIAL BID FORM

President and Board of Directors
 Williamson County Municipal Utility District No. 25
 c/o Specialized Public Finance Inc.
 248 Addie Roy Road, Suite B-103
 Austin, Texas 78746

Board of Directors:

We have read in detail your Official Notice of Sale and accompanying Preliminary Official Statement dated November 5, 2024, relating to the Williamson County Municipal Utility District No. 25 (the "District") and its \$7,500,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"), as made a part hereof. We realize that the Bonds involve certain risk factors, and we have made inspections and investigations as we deem necessary relating to the District and to the investment quality of the Bonds.

For your legally issued Bonds, in the aggregate principal amount of \$7,500,000, we will pay you a price of \$ _____, representing approximately _____% of the par value. Such Bonds mature August 15, in each of the years and in the amounts and interest rates shown below:

Maturity (August 15)	Principal Amount	Interest Rate	Maturity (August 15)	Principal Amount	Interest Rate
2026	\$ 165,000	%	2038	\$ 300,000	%
2027	175,000	%	2039	315,000	%
2028	185,000	%	2040	335,000	%
2029	190,000	%	2041	350,000	%
2030	200,000	%	2042	370,000	%
2031	215,000	%	2043	390,000	%
2032	225,000	%	2044	405,000	%
2033	235,000	%	2045	430,000	%
2034	245,000	%	2046	450,000	%
2035	260,000	%	2047	475,000	%
2036	275,000	%	2048	500,000	%
2037	285,000	%	2049	525,000	%

Of the principal maturities set forth in the table above, we have created term bonds as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

Term Bonds Maturing August 15	Year of First Mandatory Redemption	Principal Amount	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TOTAL INTEREST COST FROM 12/19/2024	\$ _____
PLUS DOLLAR AMOUNT OF DISCOUNT	\$ _____
NET INTEREST COST	\$ _____
NET EFFECTIVE INTEREST RATE	_____ %

The initial Bonds shall be registered in the name of Cede & Co. We will advise UMB Bank, N.A., Austin, Texas, the Paying Agent/Registrar, on forms to be provided by the Paying Agent/Registrar, of our registration instructions at least five (5) business days prior to the date set for Initial Delivery. We will not ask the Paying Agent/Registrar to accept any registration instructions after the five (5) day period.

We are having the Bonds insured by _____ at a premium of \$ _____, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agency as a result of said insurance **will be paid by the District.**

A cashier's check to the District in the amount of \$150,000 will be made available in accordance with the Notice of Sale made a part hereof. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions set forth in the Notice of Sale, the proceeds of this deposit shall be retained by the District as complete liquidated damages against us.

For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Initial Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Initial Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Unless the bidder is exempt from such requirements pursuant to Texas Government Code §2252.908(c)(4), the District may not accept this bid until it has received from the bidder a completed and signed TEC Form 1295 complete with a certificate number assigned by the TEC, pursuant to Texas Government Code §2252.908 and the rules promulgated thereunder by the TEC. The undersigned understands that failure to provide said form and Certificate of Filing, when required, will result in a non-conforming bid and will prohibit the District from considering this bid for acceptance.

By executing this Official Bid Form, the bidder represents and verifies that, solely for purposes of Chapter 2271 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company1 that boycotts or will boycott Israel. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, by executing this Official Bid Form, the bidder also represents and certifies that, solely for purposes of Chapter 2252 of the Texas Government Code, at the time of execution and delivery of its bid, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company2 (i) that engages in business with Iran, Sudan, or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) listed by the Texas Comptroller of Public Accounts under Section 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this paragraph has the meaning assigned to such term in Section 2252.151 of the Texas Government Code. The undersigned agrees to execute, at the request of the District, further written certifications as may be necessary or convenient for the District to establish compliance with these laws.

Additionally, by executing this Official Bid Form, the bidder also represents and verifies that, on behalf of itself and each syndicate member listed on this Official Bid Form that, solely for purposes of Chapter 2276 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company1 that boycotts or will boycott energy companies. The terms "boycotts energy companies" and "boycott energy companies" as used in this paragraph have the meaning assigned to the term "boycott energy company" in Section 809.001 of the Texas Government Code, as amended.

Additionally, by executing this Official Bid Form, the bidder also represents and verifies that, solely for purposes of Chapter 2274 of the Texas Government Code, at the time of execution and delivery of its bid and through the delivery date of the Bonds, neither the bidder nor a syndicate member listed on this Official Bid Form is a Company1 that has a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association or will discriminate against a firearm entity or firearm trade association. The term "discriminates against a firearm entity or firearm trade association" as used in this paragraph has the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001(3) of the Texas Government Code.

Notwithstanding anything contained herein, the bidder agrees that liability for breach of verification of the statutory representations and covenants provided above as required by Chapters 2252, 2271, 2274 and 2276 of the Texas Government Code during the term of the contract shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of the contract.

¹ "Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit, but does not mean a sole proprietorship.

² "Company" means a sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association whose securities are publicly traded, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations, that exists to make a profit.

By submitting a bid, the bidder makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, at the request of the District, agrees to execute further written certifications as may be necessary or convenient for the District to establish compliance with the aforementioned laws.

Additionally, by executing this Official Bid Form, the bidder also represents and certifies that the bidder and each syndicate member listed on this Official Bid Form will (i) preserve all contracting information related to the bid as provided by the records retention requirements applicable to the District through the delivery date of the Bonds, (ii) promptly provide to the District any contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member on request of the District, and (iii) upon delivery of the Bonds to the bidder, either (a) provide at no cost to the District all contracting information related to the bid that is in the custody or possession of the bidder or any syndicate member or (b) preserve the contracting information related to the bid as provided by the records retention requirements applicable to the District. The term “contracting information” as used in this paragraph has the meaning assigned to such term in Section 552.003 of the Texas Government Code.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the “issue price” of the Bonds in the form accompanying the Official Notice of Sale.

We understand the sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. We hereby represent the sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdiction in which the Bonds are offered or sold.

We further understand that the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement or other information concerning the District and the Bonds to anyone other than to us.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

The undersigned certifies that it [is]/[is not] exempt from filing the Texas Ethics Commission (the “TEC”) Certificate of Interested Parties Form 1295 (the “Form 1295”) by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Respectfully submitted,

Name of Initial Purchaser or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by Williamson County Municipal Utility District No. 25 this the 19th day of November, 2024.

ATTEST:

Secretary
Board of Directors
Williamson County Municipal Utility District No. 25

President
Board of Directors
Williamson County Municipal Utility District No. 25

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ISSUE PRICE CERTIFICATE – FEDERAL TAX COMPETITIVE BIDDING REQUIREMENTS MET

The undersigned hereby certifies as follows with respect to the sale of \$7,500,000 Williamson County Municipal Utility District No. 25 Unlimited Tax Bonds, Series 2024 (the “Bonds”):

1. The undersigned is the purchaser or the manager of the syndicate of underwriters (the “Initial Purchaser”) that has purchased the Bonds from Williamson County Municipal Utility District No. 25 (the “District”) at competitive sale.
2. The Initial Purchaser was not given the opportunity to review other bids prior to submitting its bid, and the bid submitted by the Initial Purchaser constituted a firm bid to purchase the Bonds.
3. As of the sale date, the reasonably expected initial offering prices of the Bonds to the public by the Initial Purchaser (expressed as a percentage of principal amount and exclusive of accrued interest) is as set forth below:

Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)	Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)
2026	\$ 165,000	%	2038	\$ 300,000	%
2027	175,000	%	2039	315,000	%
2028	185,000	%	2040	335,000	%
2029	190,000	%	2041	350,000	%
2030	200,000	%	2042	370,000	%
2031	215,000	%	2043	390,000	%
2032	225,000	%	2044	405,000	%
2033	235,000	%	2045	430,000	%
2034	245,000	%	2046	450,000	%
2035	260,000	%	2047	475,000	%
2036	275,000	%	2048	500,000	%
2037	285,000	%	2049	525,000	%

4. The Initial Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the “Insurer”) for a fee of \$ _____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer’s commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

5. The term “public” means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50 percent common ownership, directly or indirectly.

6. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is November 19, 2024.

The undersigned understands that the statements made herein will be relied upon by the District and Allen Boone Humphries Robinson LLP in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED and DELIVERED this _____ day of _____, 2024.

Name of Initial Purchaser or Manager

By: _____

Title: _____

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ISSUE PRICE CERTIFICATE – FEDERAL TAX COMPETITIVE BIDDING REQUIREMENTS NOT MET

The undersigned hereby certifies as follows with respect to the sale of \$7,500,000 Williamson County Municipal Utility District No. 25 Unlimited Tax Bonds, Series 2024 (the “Bonds”):

1. The undersigned is the purchaser or the manager of the syndicate of purchasers (the “Initial Purchaser”) that has purchased the Bonds from Williamson County Municipal Utility District No. 25 (the “District”).

2. As of the date of this Certificate, for each of the following maturities (the “Sold Maturities”), the first price at which a substantial amount (at least ten percent) of such maturity was sold to the public (expressed as a percentage of principal amount and exclusive of accrued interest) is set forth below:

Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)	Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)
2026	\$ 165,000	%	2038	\$ 300,000	%
2027	175,000	%	2039	315,000	%
2028	185,000	%	2040	335,000	%
2029	190,000	%	2041	350,000	%
2030	200,000	%	2042	370,000	%
2031	215,000	%	2043	390,000	%
2032	225,000	%	2044	405,000	%
2033	235,000	%	2045	430,000	%
2034	245,000	%	2046	450,000	%
2035	260,000	%	2047	475,000	%
2036	275,000	%	2048	500,000	%
2037	285,000	%	2049	525,000	%

3. As of the sale date for the Bonds, each of the following maturities (the “Unsold Maturities”) was offered to the public for purchase at the price (expressed as a percentage of principal amount and exclusive of accrued interest) set forth below:

Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)	Year of Maturity (August 15)	Principal Amount	Offering Price (%/Yield)
2026	\$ 165,000	%	2038	\$ 300,000	%
2027	175,000	%	2039	315,000	%
2028	185,000	%	2040	335,000	%
2029	190,000	%	2041	350,000	%
2030	200,000	%	2042	370,000	%
2031	215,000	%	2043	390,000	%
2032	225,000	%	2044	405,000	%
2033	235,000	%	2045	430,000	%
2034	245,000	%	2046	450,000	%
2035	260,000	%	2047	475,000	%
2036	275,000	%	2048	500,000	%
2037	285,000	%	2049	525,000	%

4. As set forth in the Notice of Sale, the Initial Purchaser has agreed in writing that, for each of the Unsold Maturities, the Initial Purchaser would neither offer nor sell any of the Bonds of such maturity to any person at a price that is higher than the initial offering price for each maturity, as set forth in the pricing wire or equivalent communication for the Bonds attached to this Certificate, during the Offering Period for such maturity, nor would the Initial Purchaser permit a related party to do so. Pursuant to such agreement, the Initial Purchaser has neither offered nor sold any of the Unsold Maturities at a price higher than the respective initial offering price for that maturity of the Bonds during the Offering Period.

5. The Initial Purchaser [has] [has not] purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the "Insurer") for a fee of \$ _____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for any direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such fee. Such fee does not exceed a reasonable, arms-length charge for the transfer of credit risk. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that had not been earned.

6. The term "public" means any person (including an individual, trust, estate, partnership, association, company or corporation) other than an underwriter or a related party to an underwriter. A related party generally means two or more persons with greater than 50 percent common ownership, directly or indirectly.

7. Sale date means the first date on which there is a binding contract in writing for the sale of the Bonds. The sale date of the Bonds is November 19, 2024.

8. Offering Period means, with respect to an Unsold Maturity, the period beginning on the sale date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the Initial Purchaser has sold at least 10 percent of such Unsold Maturity to the public at a price that is no higher than the initial offering price for such Unsold Maturity.

The undersigned understands that the statements made herein will be relied upon by the District and Allen Boone Humphries Robinson LLP in complying with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the exclusion of interest on the Bonds from the gross income of their owners for federal income tax purposes.

EXECUTED and DELIVERED this _____ day of _____, 2024.

Name of Initial Purchaser or Manager

By: _____

Title: _____

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

Dated November 5, 2024

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

THE DISTRICT WILL DESIGNATE THE BONDS AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS – Qualified Tax-Exempt Obligations.”

NEW ISSUE – Book-Entry Only

Rating:
Moody’s: “Baa2”
Insurance: Applied For

\$7,500,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 25
(A Political Subdivision of the State of Texas Located in Williamson County, Texas)
UNLIMITED TAX BONDS, SERIES 2024

Dated: December 19, 2024

Due: August 15, as shown on the inside cover page

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

The bonds described above (the “Bonds”) are obligations solely of Williamson County Municipal Utility District No. 25 (the “District”) and are not obligations of the State of Texas (“State”), Williamson County (the “County”), the City of Georgetown (the “City”), or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of a direct and continuing annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially UMB Bank, N.A., Austin, Texas, (the “Paying Agent” or the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the Date of Initial Delivery (defined below) and will be payable each February 15 and August 15, commencing February 15, 2025, until maturity or prior redemption. Interest on the Bonds will be payable on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as provided on the inside cover page.

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

A portion of the proceeds of the Bonds will be used to finance the Developer’s share of the water, wastewater, and drainage improvements for the following projects: (i) Water Oak North Section 6; (ii) Water Oak Commercial; (iii) Parkside on the River Phase 3, Section 2; and (iv) Parkside Peninsula Sections 1 and 2. A portion of the proceeds will also be used to finance the District’s share of the City of Georgetown impact fees and land costs. The remaining Bond proceeds will be used to: (i) pay developer interest; and (ii) pay certain costs associated with the issuance of the Bonds.

CUSIP PREFIX: 97001T

MATURITY SCHEDULE

SEE INSIDE COVER PAGE

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, Disclosure Counsel. See “LEGAL MATTERS.”

Delivery of the Bonds is expected through the facilities of DTC on or about December 19, 2024 (“Date of Initial Delivery”).

BIDS DUE: TUESDAY, NOVEMBER 19, 2024, AT 9:30 AM, CST
BID AWARD: TUESDAY, NOVEMBER 19, 2024, AT 12:00 PM, CST

MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield ^(a)	CUSIP Numbers ^(b)
2026	\$ 165,000			
2027	175,000			
2028	185,000			
2029	190,000			
2030	200,000			
2031	215,000			
2032	225,000			
2033	235,000			
2034	245,000			
2035	260,000			
2036	275,000			
2037	285,000			
2038	300,000			
2039	315,000			
2040	335,000			
2041	350,000			
2042	370,000			
2043	390,000			
2044	405,000			
2045	430,000			
2046	450,000			
2047	475,000			
2048	500,000			
2049	525,000			

(Interest to accrue from the Date of Initial Delivery)

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. None of the District, the Financial Advisor or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

REDEMPTION PROVISIONS . . . The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2031 in whole or in part, on August 15, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an “official statement” with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas 78701, upon payment of duplication costs.

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

TABLE OF CONTENTS

SALE AND DISTRIBUTION OF THE BONDS	4	TABLE 9 – PRINCIPAL TAXPAYERS	29
MUNICIPAL BOND RATINGS AND INSURANCE .	4	TAXING PROCEDURES	30
OFFICIAL STATEMENT SUMMARY	5	LEGAL MATTERS	34
SELECTED FINANCIAL INFORMATION	8	TAX MATTERS	34
INTRODUCTION	9	CONTINUING DISCLOSURE OF INFORMATION	36
THE BONDS	9	FINANCIAL ADVISOR	37
BOOK-ENTRY-ONLY SYSTEM	14	OFFICIAL STATEMENT	37
USE AND DISTRIBUTION OF BOND PROCEEDS .	16	LOCATION MAP	
SUMMARY OF COSTS	16	PHOTOGRAPHS	
RISK FACTORS	17	APPENDIX:	
THE DISTRICT	22	AUDITED FINANCIAL STATEMENT OF THE	
THE DEVELOPERS	24	DISTRICT	A
THE SYSTEM	25		
TABLE 1 – OPERATING REVENUES AND EXPENSES			
STATEMENT	25		
TABLE 2 – PROJECTED DEBT SERVICE SCHEDULE	26		
FINANCIAL STATEMENT	27		
TABLE 3 – ASSESSED VALUE	27		
TABLE 4 – UNLIMITED TAX BONDS AUTHORIZED BUT			
UNISSUED	27		
TABLE 5 – CASH AND INVESTMENT BALANCES	27		
TABLE 6 – CURRENT INVESTMENTS	28		
TAX DATA	28		
TABLE 7 – TAX COLLECTIONS	28		
TABLE 8 – DISTRICT TAX RATES	29		

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

SALE AND DISTRIBUTION OF THE BONDS

AWARD OF THE BONDS . . . After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _____ (the “Initial Purchaser”) bearing the interest rates shown on the inside cover page hereof, at a price of approximately _____% of the par value thereof which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the “IBA” method).

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

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

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

SECURITIES LAWS . . . No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND RATINGS AND INSURANCE

The Bonds have been rated “Baa2” by Moody’s Investors Service, Inc. (“Moody’s”) without regard to credit enhancement. The District will pay the rating fees charged by Moody’s. Applications have been made to various municipal bond insurance companies. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser.

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OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

THE ISSUER..... Williamson County Municipal Utility District No. 25 (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective December 10, 2009, and confirmed pursuant to an election held within the District on May 8, 2010. The District was created for the purpose of providing, operating, and maintaining water, sewer, drainage, road and park facilities and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. See “THE DISTRICT – General.”

LOCATION..... The District is located in western Williamson County approximately 5 miles west of IH-35 on State Highway 29 and lies wholly inside of the extraterritorial jurisdiction of the City of Georgetown, Texas and within the boundaries of Georgetown ISD and Leander ISD.

The District is currently comprised of approximately 682.08 acres being developed as Water Oak and Parkside at the River, single-family residential communities. See “THE DISTRICT – Location” and “LOCATION MAP.”

THE DEVELOPERS..... The developers currently active within the District are ABG Water Oak Partners, Ltd, (“ABG”) a Texas Limited Partnership (whose general partner is Galo Construction, LLC, a Texas Limited Liability Company) and HM Parkside Development, Inc., a Texas Corporation (whose President is Blake Magee) (the “Developers”). The landowner for HM Parkside Development, Inc. is HM Parkside, LP (whose General Partner is Hanna Magee GP#1, Inc., a Texas Corporation whose President is Blake Magee). HM Parkside, LP and affiliated entities (which include HM GP#2 and HM 2243 Development, Inc.) currently own 283.07 acres of land within the District. See “THE DEVELOPERS – Description of Developers.”

DEVELOPMENT WITHIN THE DISTRICT Of the approximately 682.08 acres within the District, approximately 630.58 acres are considered by the Developers to be developable, of which approximately 484.865 acres (or 76.89% of the developable acreage with the District) have been developed with utility facilities as the single-family residential subdivision of Water Oak. As of October 9, 2024, the development in the District consisted of 1,241 developed sing-family lots, which is comprised of 913 completed homes, 75 homes under construction and 253 vacant developed lots.

To date, the Developers have advanced reimbursable expenditures in the approximate amount of \$50.4 million to construct water, wastewater and drainage facilities to serve the property within the District. Following the issuance of the Bonds, the District will still owe the Developers approximately \$30.2 million for additional water, wastewater and drainage facilities which have been constructed to date (net of \$600,000 previously reimbursed from the District’s cash reserves and not including eligible road improvements of approximately \$10.689 million and recreational facilities totaling \$2.95 million).

HOMEBUILDERS..... Homebuilders currently constructing homes within the District include: Chesmar Homes, Highland Homes, MI Homes, Coventry Homes, Meritage Homes and Sitterle Homes (the “Homebuilders”). The homes range in price from \$475,000 to over \$950,000 with square footage ranging from 1,500 to 4,400. See “THE DEVELOPER – Homebuilders within the District.”

THE BONDS

DESCRIPTION	The Bonds are being issued pursuant to a resolution authorizing the issuance of the Bonds to be adopted by the District’s Board of Directors (the “Board”) as fully registered Bonds. The Bonds in the aggregate principal amount of \$7,500,000 mature serially in varying amounts on August 15 of each year from 2026 through 2049, inclusive, in the principal amounts set forth on the inside cover page hereof. Interest accrues from the Date of Initial Delivery and is payable February 15, 2025 and each August 15 and February 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”
REDEMPTION	The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2031 in whole or in part, on August 15, 2030, or on any date thereafter, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, the Bonds may be subject to mandatory sinking fund redemption in the event the Initial Purchaser elects to aggregate two or more consecutive maturities as term Bonds. See “THE BONDS – Redemption.”
SOURCE OF PAYMENT	The Bonds are payable from an annual ad valorem tax without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAXING PROCEDURES.” The Bonds are obligations solely of the District and are not obligations of the City of Georgetown; Williamson County, Texas; the State of Texas (the “State”); or any entity other than the District. See “THE BONDS – Source of and Security for Payment.”
PAYMENT RECORD	The Bonds constitute the sixth installment of bonds issued by the District. The District has never defaulted on the payment of its outstanding bonds. See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued.”
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State including Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held within the District on May 8, 2010, the approving order of the TCEQ and a resolution (the “Bond Resolution”) to be adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”
USE OF PROCEEDS	A portion of the proceeds of the Bonds will be used to finance the Developer’s share of the water, wastewater, and drainage improvements for the following projects: (i) Water Oak North Section 6; (ii) Water Oak Commercial; (iii) Parkside on the River Phase 3, Section 2; and (iv) Parkside Peninsula Sections 1 and 2. A portion of the proceeds will also be used to finance the District’s share of the City of Georgetown impact fees and land costs. The remaining Bond proceeds will be used to: (i) pay developer interest; and (ii) pay certain costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
BONDS AUTHORIZED BUT UNISSUED	At an election held within the District on May 8, 2010, the voters within the District approved the issuance of \$803,000,000 in bonds for water, wastewater and drainage facilities and for the purpose of refunding such bonds. After the sale of the Bonds, the District will have \$763,200,000 remaining in authorized but unissued bonds. Additionally, at the election held in the District on May 8, 2010, the voters within the District also approved the issuance of \$156,000,000 in park and recreational facilities bonds and for the purpose of refunding such bonds and \$60,000,000 in road bonds and for the purpose of refunding such bonds, of which \$49,410,000 remains authorized for road bonds. The District has not issued any park and recreational facilities bonds. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Future Debt.”
MUNICIPAL BOND RATING	The Bonds have been rated “Baa2” by Moody’s Investors Service, Inc. (“Moody’s”) without regard to credit enhancement. The District will pay the rating fees charged by Moody’s.

MUNICIPAL BOND INSURANCE	Applications have been made to various municipal bond insurance companies. In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor will be paid by the Initial Purchaser. Any fees to be paid to a rating agency as a result of said insurance will be paid by the District. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.
QUALIFIED TAX-EXEMPT OBLIGATIONS	The District will designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions.”
BOND COUNSEL	Allen Boone Humphries Robinson LLP, Austin, Texas
GENERAL COUNSEL	Allen Boone Humphries Robinson LLP, Austin, Texas
DISCLOSURE COUNSEL	Orrick, Herrington & Sutcliffe LLP, Austin, Texas
FINANCIAL ADVISOR	Specialized Public Finance Inc., Austin, Texas
ENGINEER	Jones-Heroy & Associates, Inc., Austin, Texas

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(Unaudited as of August 20, 2024)

2022 Certified Taxable Assessed Valuation	\$ 208,719,141	(a)
2023 Certified Taxable Assessed Valuation	\$ 330,350,793	(a)
2024 Certified Taxable Assessed Valuation	\$ 445,199,490	(a)
Gross Direct Debt Outstanding	\$ 49,125,000	(b)
Estimated Overlapping Debt	<u>8,442,044</u>	(c)
Gross Direct Debt Outstanding and Estimated Overlapping Debt	\$ 57,567,044	
Ratios of Gross Direct Debt Outstanding to:		
2024 Certified Taxable Assessed Valuation		11.03%
Ratios of Gross Direct Debt Outstanding and Estimated Overlapping Debt to:		
2024 Certified Taxable Assessed Valuation		12.93%
2024 Tax Rate:		
Debt Service	\$ 0.7250	
Maintenance & Operation	<u>0.1950</u>	
Total	\$ 0.9200	(d)
General Operating Fund Balance as of August 20, 2024 (unaudited)	\$ 822,771	
General Debt Service Balance as of August 20, 2024 (unaudited)	\$ 888,783	
Capital Project Fund Balance as of August 20, 2024 (unaudited)	\$ 409,768	
Projected Average Annual Debt Service Requirement (2024-2049)	\$ 3,079,685	(b)
Projected Maximum Annual Debt Service Requirement (2039)	\$ 3,647,394	(b)
Tax Rates Required to Pay Projected Average Annual Debt Service (2024-2049) at a 95% Collection Rate		
Based upon 2024 Certified Taxable Assessed Valuation	\$ 0.7282	
Tax Rates Required to Pay Projected Maximum Annual Debt Service (2039) at a 95% Collection Rate		
Based upon 2024 Certified Taxable Assessed Valuation	\$ 0.8624	
Number of Active Connections as of October 9, 2024:		
Total Developed Single-Family Lots	1,241	
Total Single-Family Homes – Completed	913	
Single-Family Homes – Under Construction	75	
Single-Family – Vacant Developed Lots	253	
Estimated Population as of October 9, 2024	3,196	(e)

- (a) Assessed valuation of the District as certified by the Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.”
- (b) Includes the Bonds and the outstanding bonds. Preliminary, subject to change. See “THE SYSTEM – Projected Debt Service Schedule.”
- (c) See “FINANCIAL STATEMENT – Estimated Overlapping Debt.”
- (d) See “Table 8 – District Tax Rates.”
- (e) Based upon 3.5 residents per completed single-family home.

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PRELIMINARY OFFICIAL STATEMENT

Relating to

\$7,500,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 25

(A Political Subdivision of the State of Texas Located in Williamson County, Texas)

UNLIMITED TAX BONDS, SERIES 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by the Williamson County Municipal Utility District No. 25 (the “District”), a political subdivision of the State of Texas (the “State”), of its \$7,500,000 Unlimited Tax Bonds, Series 2024 (the “Bonds”).

The Bonds are issued pursuant to a resolution (the “Bond Resolution”) to be adopted by the Board of Directors of the District (the “Board”) on the date of the sale of the Bonds, pursuant to Article XVI, Section 59 of the Constitution and general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held within the District on May 8, 2010, and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Allen Boone Humphries Robinson LLP, 919 Congress Avenue, Suite 1500, Austin, Texas, 78701 or from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

THE BONDS

GENERAL DESCRIPTION . . . The Bonds are dated December 19, 2024 and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will accrue from the Date of Initial Delivery, will be paid on February 15, 2025 and each August 15 and February 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is UMB Bank, N.A., Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

REDEMPTION . . . The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2031, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 on August 15, 2030, or any date thereafter, at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if less than all the Bonds outstanding are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall

no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the District, so long as a book-entry-only system (“Book-Entry-Only-System”) is used for the Bonds, will send any notice of redemption or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants.

Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

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

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

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

Limitation on Transfer of Bonds . . . Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding each interest payment date (the “Record Date”) and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

AUTHORITY FOR ISSUANCE . . . At an election held within the District on May 8, 2010, voters within the District authorized a total of \$803,000,000 in unlimited tax bonds for water, wastewater and drainage facilities and for the purpose of refunding such bonds.

The Bonds constitute the sixth installment of bonds issued by the District. After the sale of the Bonds, \$763,200,000 principal amount of District bonds will remain authorized but unissued for water, wastewater and drainage facilities. Additionally, at the election held in the District on May 8, 2010, the voters within the District also approved the issuance of \$156,000,000 in parks and recreational facility bonds and for the purpose of refunding such bonds and \$60,000,000 in road bonds and for the purpose of refunding such bonds, of which \$49,410,000 remains authorized for road bonds. The District has not issued any park and recreational facilities bonds. The Bonds are issued pursuant to the terms and provisions of the Bond Resolution; Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. The issuance of the Bonds has been approved by an order of the TCEQ dated October 2, 2024.

SOURCE OF PAYMENT . . . The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Resolution that, while any of the Bonds are outstanding and it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, to pay interest on the Bonds as it becomes due, pay the principal of the Bonds when due or the redemption price at any earlier required redemption date, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

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

PAYMENT RECORD . . . The Bonds constitute the sixth installment of bonds issued by the District. The District has never defaulted on the payment of its outstanding bonds.

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

The District also maintains a Road Debt Service Fund that is not pledged to water, wastewater and drainage bonds, including the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on water, wastewater and drainage bonds, including the Bonds.

Proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund and used to reimburse the Developer for the costs of acquiring or constructing District facilities on behalf of the District, pay interest on such reimbursements and pay the costs of issuing the Bonds. See "Use and Distribution of Bond Proceeds" for a more complete description of the use of Bond proceeds.

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

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

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

PAYING AGENT/REGISTRAR . . . UMB Bank, N.A. in Austin, Texas is the initial paying agent/registrar (the “Paying Agent/Registrar,” “Paying Agent” or “Registrar”) for the Bonds. So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

REGISTRATION AND TRANSFER . . . So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

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

LOST, STOLEN OR DESTROYED BONDS . . . In the event the Book-Entry-Only System is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District’s costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

RECORD DATE . . . The record date (“Record Date”) for the interest payable on the Bonds on any interest payment date means the close of business on the last calendar day of the month (whether or not a business day) preceding such interest payment date.

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, initially UMB Bank, Austin, Texas (the “Paying Agent/Registrar”), if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (“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.

ISSUANCE OF ADDITIONAL DEBT . . . According to the District’s engineer, the \$763,200,000 in principal amount of bonds authorized but unissued (after issuance of the Bonds), should be sufficient to reimburse the developer for the water, wastewater and drainage development within the District. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to issue refunding bonds, as well as revenue bonds and notes without voter approval. Additionally, at the election held in the District on May 8, 2010, the voters within the District also approved the issuance of \$156,000,000 in parks and recreational facility bonds and \$60,000,000 in road bonds, of which \$49,410,000 remains authorized for road bonds. See “FINANCIAL STATEMENT – Authorized But Unissued Bonds.” The District has not issued any park and recreational facilities bonds. Neither State law nor the Bond Resolution imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See “RISK FACTORS.” The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds may be subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. Further, the principal amount of park and recreational facilities bonds sold by the District is limited to one percent of the District’s certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility district “shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic.” Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or

other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256) (the "PFIA"), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

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

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

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

ANNEXATION . . . The District lies within the extraterritorial jurisdiction of the City. Under State law, the City cannot annex territory within a district unless it annexes the entire district. At such time as it is permissible pursuant to law for the District to be annexed, and the City does annex, the City will assume the District's assets and obligations (including the debt service on the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City and therefore, the District makes no representation that the City will ever annex the District and assume its debt.

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

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

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BOOK-ENTRY-ONLY SYSTEM

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

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

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 the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

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

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USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Jones-Heroy & Associates, Inc. (“Jones-Heroy”), and were submitted to the TCEQ in the District’s Bond Application. Non-construction costs are based upon either contract amounts or estimates of various costs by Specialized Public Finance, Inc. (“Financial Advisor”). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and reviewed by the District’s auditor.

A portion of the proceeds of the Bonds will be used to finance the Developer’s share of the water, wastewater, and drainage improvements for the following projects: (i) Water Oak North Section 6; (ii) Water Oak Commercial; (iii) Parkside on the River Phase 3, Section 2; and (iv) Parkside Peninsula Sections 1 and 2. A portion of the proceeds will also be used to finance the District’s share of the City of Georgetown impact fees and land costs. The remaining Bond proceeds will be used to: (i) pay developer interest; and (ii) pay certain costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$6,030,581 is estimated to be required for construction costs, and \$1,469,419 is estimated to be required for non-construction costs.

SUMMARY OF COSTS

		<u>District’s Share</u>
I.	<u>CONSTRUCTION COSTS</u>	
	A. Developers Contribution Items	
	1. Water Oak North Section 6 – Water, Wastewater and Drainage.....	\$ 868,627
	2. Water Oak Commercial – Water, Wastewater and Drainage	35,783
	3. Parkside on the River Phase 3, Section 2 – Water, Wastewater and Drainage	191,550
	4. Parkside Peninsula Sections 1 and 2 – Water, Wastewater and Drainage	<u>1,446,270</u>
	Total Developers Contribution Items	\$ 2,542,230
	B. District Items	
	1. City of Georgetown Impact Fees	\$ 2,877,353
	2. Land Costs	<u>610,998</u>
	Total District Contribution Items	\$ 3,488,351
	Total Construction Costs (80.4% of BIR)	\$ 6,030,581
II.	<u>NON-CONSTRUCTION COSTS</u>	
	A. Legal Fees.....	\$ 190,000
	B. Fiscal Agent Fees.....	131,250
	C. Developer Interest ^(a)	798,225
	D. Bond Discount (3.00%).....	225,000
	E. Bond Issuance Expenses	42,444
	F. Bond Application Report	56,250
	G. Attorney General Fee (0.10%)	7,500
	H. TCEQ Fee (0.25%)	18,750
	I. Contingency ^(b)	<u>0</u>
	Total Non-Construction Costs	\$ 1,469,419
	TOTAL BOND ISSUE REQUIREMENT	\$ 7,500,000

(a) Based on an estimated interest rate of 5.00%. The District has requested to reimburse more than two years of interest in accordance with 30 TAC § 293.50(b). Preliminary; subject to change. The amount of Developers interest will be finalized in connection with the reimbursement report approved by the Board prior to disbursement of funds.

(b) The TCEQ, in its approval of the issuance of the Bonds, directed any surplus Bond proceeds to be shown as a contingency line item and be subject to the TCEQ rules on use of surplus Bond funds.

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RISK FACTORS

GENERAL . . . The Bonds, which are obligations of the District and are not obligations of the State; Williamson County, Texas; the City; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See “THE BONDS – Source of and Security for Payment.” The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “Registered Owners’ Remedies” below.

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

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developers and Homebuilders are able to obtain financing for development and construction costs. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economics.

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

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

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

Impact on District Tax Rates . . . Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2024 Certified Taxable Assessed Valuation is \$445,199,490 (see “FINANCIAL STATEMENT”). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$3,647,394 (2039) and the Projected Average Annual Debt Service Requirement will be \$3,079,685 (2024-2049, inclusive). A tax rate of \$0.8624/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$3,647,394, and a tax rate of \$0.7282/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$3,079,685 based upon the 2024 Certified Taxable Assessed Valuation.

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

TAX COLLECTIONS AND FORECLOSURE REMEDIES . . . The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under State law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by cumbersome, time-consuming and expensive collection procedures or market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (See "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement"), by the current aggregate tax rate being levied against the property, and by other factors (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy court could approve a confirmation plan which allows the debtor to make installment payments on delinquent taxes for up to six years and a bankruptcy court may reduce the amount of any taxes assessed against the debtor, including those that have already been paid.

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

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

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

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

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

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

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

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

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

FUTURE DEBT . . . The District has reserved in the Bond Resolution the right to issue the remaining \$763,200,000 authorized but unissued unlimited tax bonds (for water, wastewater and drainage facilities), the \$156,000,000 authorized but unissued unlimited tax bonds (for recreational facilities), the \$49,100,000 authorized but unissued unlimited tax bonds (for road facilities), and such additional bonds as may hereafter be approved by both the Board and voters of the District. All of the remaining \$763,200,000, \$156,000,000 and \$49,410,000 of unlimited tax bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of the District, subject to the approval of the Attorney General of the State of Texas and the TCEQ, as required. In the opinion of the District’s engineer, the remaining authorization should be sufficient to reimburse the Developers for the development within the District. See “THE SYSTEM.”

To date, the Developers have advanced reimbursable expenditures in the approximate amount of \$50.4 million to construct water, wastewater and drainage facilities to serve the property within the District. Following the issuance of the Bonds, the District will still owe the Developers approximately \$30.2 million for additional water, wastewater and drainage facilities which have been constructed to date (net of \$600,000 previously reimbursed from the District’s cash reserves and not including eligible road improvements of approximately \$10.689 million and recreational facilities totaling \$2.95 million).

The District anticipates that it may issue the full principal amount of authorized but unissued bonds in installments over the coming years. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the Commission pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The principal amount of park and recreational facilities bonds sold by the District is limited to one percent of the District’s certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. See “THE BONDS – Issuance of Additional Debt.” See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized But Unissued.”

GOVERNMENTAL APPROVAL . . . As required by law, engineering plans, specifications and an estimate of construction costs for the facilities and services to be purchased or constructed by the District with the proceed of the Bonds have been approved, subject to certain condition, by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” The TCEQ approved the issuance of the Bonds by an order signed October 2, 2024. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

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

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act (“CAA”) Amendments of 1990, the five-county Austin area (“Austin Area”)—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (“the 2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (“the 2015 Ozone Standard”).

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

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

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

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

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

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

and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

DROUGHT CONDITIONS . . . Central Texas, like other areas of the State, has experienced extreme drought conditions from time to time. The City provides water to the District in amounts sufficient to service the residents of the District, however, if drought conditions return water usage, rates and water revenues could be impacted.

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

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

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

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THE DISTRICT

GENERAL . . . Pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended, the District is subject to the continuing supervision of the TCEQ. The District was created for the purposes of providing, operating, and maintaining water, sewer, drainage, road, and park facilities. The District is empowered, among other things, to purchase, construct, operate and maintain all necessary works, improvements, facilities and plants. The District may also establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ. Fire services are provided to residents and property owners of the District by the City.

MANAGEMENT . . . **Board of Directors** . . . The District is governed by a Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District in May in each even numbered year. All of the directors listed below reside or own property in the District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Stanley Schwartz	President	2028
Paul McQuesten	Vice President	2028
Paul Cronin	Secretary	2026
Jim Berke	Assistant Secretary	2026
Larry Antley	Assistant Vice President	2026

Consultants:

Tax Assessor/Collector . . . Land and improvements in the District are being appraised by the Williamson Central Appraisal District ("WCAD"). The Tax Assessor/Collector is contracted with by the Board and the District has contracted with the County of Williamson to serve in this capacity for the District.

Bookkeeper . . . Municipal Accounts & Consulting, LP ("MAC") is charged with the responsibility of providing bookkeeping services for the District. MAC serves in a similar capacity for hundreds of other special districts across the State.

Auditor . . . The firm of McCall Gibson Swedlund Barfoot PLLC is currently the District's independent auditor. Such firm was hired to audit the financial statements for the fiscal year ending June 30, 2024 which audit is attached. See "APPENDIX A – Audited Financial Statement of the District for the Year Ended June 30, 2024."

Engineer . . . The District's consulting engineer is Jones-Heroy & Associates, Inc. (the "Engineer"). Such firm serves as consulting engineer to over 50 other special districts across the State.

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

Bond Counsel and General Counsel . . . Allen Boone Humphries Robinson LLP, Austin, Texas serves as Bond Counsel and General Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds.

Disclosure Counsel . . . Orrick, Herrington & Sutcliffe LLP, Austin, Texas serves as Disclosure Counsel in connection with the issuance of the District's Bonds. The fees of Disclosure Counsel are contingent upon the sale of and delivery of the Bonds.

LOCATION . . . The District is located in western Williamson County approximately 5 miles west of IH-35 on State Highway 29 and lies wholly inside of the extraterritorial jurisdiction of the City of Georgetown, Texas and within the boundaries of Georgetown ISD and Leander ISD.

The District is currently comprised of approximately 682.08 acres being developed as Water Oak and Parkside at the River, single-family residential communities. See "LOCATION MAP."

UNDEVELOPED ACREAGE . . . There are approximately 682.08 developable acres of land within the District, of which 145.715 acres are either under development or as yet undeveloped with water, wastewater and storm drainage and detention facilities as of October 9, 2024. The District makes no representation as to when or if development of this acreage will occur.

The chart below reflects the status of development as of October 9, 2024:

	<u>Net Acreage</u>
A. Sections Developed with Utility Facilities	
Water Oak North Sections 1, 2, 3, 4, 6 & Parkside on the River, Section 1A, Phase 3	
Sections 2, 3, 4, 5, 6, and 7, Parkside Peninsula Sections 1 and 2	484.865
Total Developed with Utility Facilities	<u>484.865</u>
B. Sections under Development with Utility Facilities	52.810
(Parkside on the River Phase4)	
C. Remaining Developable Acreage	92.905
Total Developable Acreage	630.58
D. Undevelopable Acreage	51.50
Total	<u>682.08</u>

FUTURE DEVELOPMENT . . . There are approximately 145.715 acres of land either under development or as yet undeveloped with water, sewer and drainage facilities to support single-family residential development. The initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, general and economic conditions which would affect any party’s ability to sell lots and/or other property and of any home builder to sell completed homes as described in this Official Statement under the caption “RISK FACTORS.” If the undeveloped portion of the District is eventually developed, additions to the District’s water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues of the District’s bonds and developer contributions, if any, as required by the TCEQ. The District’s Engineer estimates that the \$763,200,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued should be sufficient to reimburse the Developers for the existing utility facilities and provide utility service to remaining undeveloped but potentially developable acreage within the District. See “THE BONDS – Issuance of Additional Debt.” The Developers are under no obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that any future development will occur.

ANNEXATION OF THE DISTRICT . . . The District lies within the extraterritorial jurisdiction of the City. See “THE BONDS – Annexation” for a discussion of the ability of the City to annex the District.

CONSENT AGREEMENT . . . The City previously entered into a Consent Agreement with Laredo W.O. Ltd. Upon its creation, the District became a party to the Consent Agreement. The Consent Agreement was amended by the Second Amended and Restated Consent Agreement dated as of October 17, 2019, and the First Amendment to the Second Amended and Restated Consent Agreement dated as of June 8, 2021.

The Consent Agreement provides for the Developers to pay the City an administrative fee of \$50,000 and a master development fee in addition to any other applicable City fees and sums due under this Consent Agreement. The master development fee equal to the engineer’s cost estimate will be paid to the City out of the net Developers reimbursement from the proceeds from the issuance of bonds at a rate of 10% of each net bond reimbursement received by the Developer. The District agrees not to issue bonds for the purposes of reimbursing the Developers for any costs or expenses paid by the Developers after the 15th anniversary of the date of the first issuance of bonds.

The Developers or the District will construct, at no cost to the City, all off-site and on-site facilities necessary to service the land within the District in accordance with the terms and conditions of the Consent Agreement and all applicable City ordinances and construction standards.

The Developers or the District will convey all off-site facilities that the Developers or the District constructs to the City for ownership, operation and maintenance. Water services for all areas of the District will be provided by the City on a retail basis at a rate applicable for customers located outside of the City limits. Wastewater and garbage services for the District will be provided by the City.

In consideration of the City’s consent to the creation of the District, the District agrees that any TCEQ order approving a bond issue must contain a finding that it is feasible to sell the bonds and maintain a projected District total tax rate (both debt service and operation and maintenance portion) of not more than \$0.92 per \$100 in assessed valuation.

The City agrees that it will not annex any land within the District until (a) the expiration or termination of the Consent Agreement between the City and the District or (b) at least 90 percent of the developable acreage within the District has been developed with water, wastewater and drainage facilities and (i) the Developers have been reimbursed by the District for those facilities or (ii) the City has expressly agreed to assume the obligation to reimburse the developer.

The term of the Consent Agreement will be from its effective date until the District is dissolved and its obligations are fully assumed by the City, at the City's sole election, or until terminated in writing by mutual agreement.

THE DEVELOPERS

GENERAL . . . In general, the activities of a developer in a utility district, such as the District, include purchasing the land within the utility district; coordinating the design of the subdivision; coordinating the design of the utilities and streets to be constructed in the subdivision; coordinating the design of any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of the improvements within the subdivisions, including water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, cable television, and electric service; and selling improved lots and commercial reserves to homebuilders, other developers, or other third parties. The relative success or failure of a developer to perform such activities will have a profound effect on the security of the bonds issued by the District. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily the major taxpayer within the district during the development of the property.

DESCRIPTION OF DEVELOPERS . . . The Developers currently active within the District are ABG Water Oak Partners, Ltd, ("ABG") a Texas Limited Partnership (whose general partner is Galo Construction, LLC, a Texas Limited Liability Company) and HM Parkside Development, Inc., a Texas Corporation (whose President is Blake Magee). The landowner for HM Parkside Development, Inc. is HM Parkside, LP (whose General Partner is Hanna Magee GP#1, Inc., a Texas Corporation whose President is Blake Magee). HM Parkside, LP and affiliated entities (which include HM GP#2 and HM 2243 Development, Inc.) currently own 283.07 acres of land within the District.

ACQUISITION AND DEVELOPMENT FINANCING . . . Original acquisition and development financing was obtained by Laredo WO, Ltd. on February 22, 2007 in the amount of \$48,500,000. Following a bankruptcy filing, which occurred on June 6, 2016, by Laredo WO, Ltd., the lender HCB Laredo Texas, LLC initiated foreclosure action which led to the sale of 1,139 acres of land located adjacent to and within the District to HM Parkside, LP by the lender. As of October 9, 2024, ABG has repaid all project-related loans in full.

In 2018, HM Parkside, LP purchased 1,046.592 acres of land, including approximately 101.67 acres located within the District, from HBC Laredo Texas LLC. HM Parkside, LP obtained a land loan in the amount of \$22,000,000 for the purpose of purchasing such land (the "Acquisition Loan"). Interest on the Acquisition Loan is paid quarterly and was paid off in 2023. HM Parkside Development, Inc. obtained a revolving line of credit/loan in the amount of \$8,000,000 from First United Bank in 2018, for the purpose of developing the acreage it owns within the District. The Development Loan has also been paid off.

HOMEBUILDERS WITHIN THE DISTRICT . . . Homebuilders currently constructing homes within the District include: Chesmar Homes, Highland Homes, MI Homes, Coventry Homes, Meritage Homes and Sitterle Homes (the "Homebuilders"). The homes range in price from \$475,000 to over \$950,000 with square footage ranging from 1,500 to 4,400.

AGRICULTURAL WAIVER . . . Much of the undeveloped acreage within the District is subject to an agricultural exemption; however, the Developers have executed an agreement, which is recorded in the real property records of Williamson County, and includes covenants running with the land, waiving the right to have the land located within the District classified as agricultural, open-space or timberland for purposes of District taxes. In addition, the Developers have waived the right to have the lots and houses (if any) in the District classified as business inventory for purposes of District taxes. The agreement may not be modified without the approval of the TCEQ and are binding on purchasers of such land from the Developers. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

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THE SYSTEM

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

Operation of the District’s waterworks and wastewater facilities is subject to regulation by, among others, the U.S. Environmental Protection Agency and the TCEQ.

WATER SUPPLY AND DISTRIBUTION . . . The water supply for the District is provided by the City through the First Amendment to the Second Amended and Restated Consent Agreement dated June 8, 2021. This agreement states that the City can provide and expand water service to the District as needed. At permitting, the homebuilder is required to pay the City an impact fee for water and wastewater service. The District’s internal water infrastructure is reviewed for approval by the City prior to construction. Upon completion, the City inspects the construction, and if deemed satisfactory, title to the infrastructure is conveyed to the City and the City maintains and operates the District’s water facilities.

WASTEWATER COLLECTION AND TREATMENT . . . Wastewater treatment for the District is provided by the City through a First Amendment to the Second Amended and Restated Consent Agreement dated June 8, 2021. The agreement states that the City can provide and expand wastewater treatment services to the District as needed. The District’s internal wastewater infrastructure is reviewed for approval by the City prior to construction. The City inspects the construction. Upon satisfactory completion, title to the infrastructure is given to the City and the City maintains and operates the District’s system.

STORM WATER DRAINAGE . . . Storm water from the District is collected by a system of underground storm sewers that drain into detention/water quality ponds. These ponds ultimately drain into the South San Gabriel River.

TABLE 1 – OPERATING REVENUES AND EXPENSES STATEMENT

The following statement sets forth in condensed form the consolidated historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District’s financial statements and records. Reference is made to such statements for further and more complete information. Also see “APPENDIX A – Audited Financial Statement of the District.”

	Fiscal Year Ending June 30,				
	2024	2023	2022	2021	2020
Revenues:					
Property Taxes	\$ 888,321	\$ 681,031	\$ 549,018	\$ 649,538	\$ 773,133
Penalty and Interest	1,295	652	1,150	913	1,023
Investment Revenues	32,266	38,986	5,122	9,370	21,907
Total Revenues	<u>\$ 921,882</u>	<u>\$ 720,669</u>	<u>\$ 555,290</u>	<u>\$ 659,821</u>	<u>\$ 796,063</u>
Expenditures:					
Professional Fees	\$ 230,243	\$ 288,097	\$ 233,689	\$ 255,393	\$ 197,158
Contracted Services	109,170	71,656	51,465	38,193	35,979
Repairs and Maintenance	147,200	179,050	51,955	34,560	21,360
Other	89,908	59,844	38,572	33,276	28,823
Capital Outlay	-	881,255	540,463	-	-
Developer Interest	-	54,486	100,977	-	-
Bond Issuance Costs	-	399	54,451	-	-
Total Expenditures	<u>\$ 576,521</u>	<u>\$ 1,534,787</u>	<u>\$ 1,071,572</u>	<u>\$ 361,422</u>	<u>\$ 283,320</u>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 345,361	\$ (814,118)	\$ (516,282)	\$ 298,399	\$ 512,743
Beginning Fund Balance	\$ 517,193	\$ 1,283,311	\$ 1,799,593	\$ 1,501,194	\$ 933,877
Transfers In/Developer Advances	-	48,000	-	-	54,574
Ending Fund Balance	<u>\$ 862,554</u>	<u>\$ 517,193</u>	<u>\$ 1,283,311</u>	<u>\$ 1,799,593</u>	<u>\$ 1,501,194</u>

TABLE 2 – PROJECTED DEBT SERVICE SCHEDULE

Calendar Year Ended 12/31	Outstanding Debt			The Bonds			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest ^(a)	Total	
	2024	\$ 680,000	\$ 1,556,891	\$ 2,236,891	\$ -	\$ -	
2025	940,000	1,689,655	2,629,655	-	375,000	375,000	3,004,655
2026	1,240,000	1,653,275	2,893,275	165,000	375,000	540,000	3,433,275
2027	1,300,000	1,598,100	2,898,100	175,000	366,750	541,750	3,439,850
2028	1,360,000	1,539,835	2,899,835	185,000	358,000	543,000	3,442,835
2029	1,430,000	1,479,740	2,909,740	190,000	348,750	538,750	3,448,490
2030	1,495,000	1,418,825	2,913,825	200,000	339,250	539,250	3,453,075
2031	1,575,000	1,359,300	2,934,300	215,000	329,250	544,250	3,478,550
2032	1,655,000	1,301,850	2,956,850	225,000	318,500	543,500	3,500,350
2033	1,730,000	1,241,400	2,971,400	235,000	307,250	542,250	3,513,650
2034	1,820,000	1,178,150	2,998,150	245,000	295,500	540,500	3,538,650
2035	1,905,000	1,110,644	3,015,644	260,000	283,250	543,250	3,558,894
2036	2,000,000	1,039,806	3,039,806	275,000	270,250	545,250	3,585,056
2037	2,100,000	964,681	3,064,681	285,000	256,500	541,500	3,606,181
2038	2,200,000	885,394	3,085,394	300,000	242,250	542,250	3,627,644
2039	2,305,000	800,144	3,105,144	315,000	227,250	542,250	3,647,394
2040	1,710,000	710,450	2,420,450	335,000	211,500	546,500	2,966,950
2041	1,795,000	638,925	2,433,925	350,000	194,750	544,750	2,978,675
2042	1,875,000	563,763	2,438,763	370,000	177,250	547,250	2,986,013
2043	1,965,000	485,138	2,450,138	390,000	158,750	548,750	2,998,888
2044	2,060,000	402,744	2,462,744	405,000	139,250	544,250	3,006,994
2045	2,165,000	315,556	2,480,556	430,000	119,000	549,000	3,029,556
2046	2,265,000	223,888	2,488,888	450,000	97,500	547,500	3,036,388
2047	1,985,000	127,919	2,112,919	475,000	75,000	550,000	2,662,919
2048	750,000	37,500	787,500	500,000	51,250	551,250	1,338,750
2049	-	-	-	525,000	26,250	551,250	551,250
	<u>\$42,305,000</u>	<u>\$ 24,323,571</u>	<u>\$ 66,628,571</u>	<u>\$ 7,500,000</u>	<u>\$ 5,943,250</u>	<u>\$ 13,443,250</u>	<u>\$ 80,071,821</u>

(a) Interest calculated at an assumed rate for purposes of illustration. Preliminary, subject to change.

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**FINANCIAL STATEMENT
(Unaudited)**

TABLE 3 – ASSESSED VALUE

2022 Certified Taxable Assessed Valuation	\$ 208,719,141	(a)
2023 Certified Taxable Assessed Valuation	\$ 330,350,793	(a)
2024 Certified Taxable Assessed Valuation	\$ 445,199,490	(a)
Gross Direct Debt Outstanding	\$ 49,125,000	(b)
Estimated Overlapping Debt	8,442,044	(c)
Gross Direct Debt and Estimated Overlapping Debt	\$ 57,567,044	
Ratio of Gross Direct Debt Outstanding to 2024 Certified Assessed Valuation		11.03%

Estimated Population as of October 9, 2024: 3,196^(d)

- (a) Assessed valuation of the District as certified by the Williamson Central Appraisal District (“WCAD”). See “TAXING PROCEDURES.”
- (b) Includes the Bonds and the outstanding bonds. See “THE SYSTEM – Projected Debt Service Schedule.”
- (c) See “FINANCIAL STATEMENT – Estimated Overlapping Debt.”
- (d) Based upon 3.5 residents per completed single-family home.

TABLE 4 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued	Unissued Balance
Water, Sewer, Drainage & Refunding	5/8/2010	\$ 803,000,000	\$ 32,300,000	\$ 7,500,000	\$ 763,200,000
Recreational Facilities & Refunding	5/8/2010	156,000,000	-	-	156,000,000
Road Bonds & Refunding	5/8/2010	60,000,000	10,590,000	-	49,410,000
Total		<u>\$ 1,019,000,000</u>	<u>\$ 32,300,000</u>	<u>\$ 7,500,000</u>	<u>\$ 968,610,000</u>

TABLE 5 – CASH AND INVESTMENT BALANCE^(a)

Operating Fund	\$ 822,771
Debt Service Fund.....	\$ 888,783
Capital Projects.....	\$ 409,768

(a) Unaudited as of August 20, 2024.

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

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TABLE 6 – CURRENT INVESTMENTS

As of August 20, 2024, the District is currently invested in a bank Money Market Fund and TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District’s audited financial statements.

Investments	Market Value	Total
TexPool	\$ 2,008,149	94.67%
Money Market/CD's	113,172	5.33%
	\$ 2,121,321	100.00%

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

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 8/31/2024
Williamson County	\$ 1,311,170,000	0.17%	\$ 2,228,989
Georgetown ISD	644,080,000	0.86%	5,539,088
Leander ISD	1,347,933,738	0.05%	673,967
Upper Brushy Creek WCID	51,965,000	0.00%	-
The District	49,125,000	100.00%	49,125,000 ^(a)
Total Direct and Overlapping Tax Supported Debt			\$ 57,567,044
Ratio of Direct and Overlapping Tax Supported Debt to 2024 Certified Taxable Assessed Valuation			12.93%

(a) Includes the Bonds.

TAX DATA

TABLE 7 – TAX COLLECTIONS

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

Tax Year	Tax Rate	General Operating Fund	Debt I&S Fund	Tax Levy	% Total Collections
2020	\$ 0.9200	\$ 0.6700	\$ 0.2500	\$ 891,644	100.00%
2021	0.9200	0.4200	0.5000	1,203,956	100.00%
2022	0.9200	0.3200	0.6000	1,931,482	98.60%
2023	0.9200	0.2700	0.6500	3,022,270	56.36% ^(a)
2024	0.9200	0.1950	0.7250	4,095,835	N/A

(a) Collections through July 31, 2024.

TABLE 8 – DISTRICT TAX RATES

	Tax Rates per \$100				
	Assessed Valuation				
	2024	2023	2022	2021	2020
Debt Service	\$ 0.7250	\$ 0.6500	\$ 0.6000	\$ 0.5000	\$ 0.2500
Maintenance	0.1950	0.2700	0.3200	0.4200	0.6700
Total	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200	\$ 0.9200

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

MAINTENANCE TAX . . . The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District’s facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District’s voters. An election for such a tax was held on May 8, 2010 at which time a maintenance tax not to exceed \$1.20 per \$100 assessed valuation was approved by the District’s voters. The District levied a tax rate for maintenance purposes of \$0.1950 in September, 2024.

ROAD FACILITIES TAX . . . The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District’s road facilities and for paying administrative expenses of the District, if such road maintenance tax is authorized by the District’s voters. An election for such a tax was held on May 8, 2010 at which time a maintenance tax not to exceed \$0.25 per \$100 assessed valuation was approved by the District’s voters. The District has not previously levied this tax.

TABLE 9 – PRINCIPAL TAXPAYERS

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

Taxpayer	Taxable Assessed Value	% of 2024 Taxable Assessed Valuation
Highland Homes Austin LLC	\$ 9,021,527	2.03%
DFH Coventry LLC	6,860,734	1.54%
Phau - Parkside Phase 3 LLC et al.	6,520,790	1.46%
M/I Homes of Austin LLC	4,963,114	1.11%
MI Homes of Austin LLC	4,302,254	0.97%
HM Parkside LP ^(a)	4,205,860	0.94%
HHS Land Holdings I LLC	4,176,000	0.94%
Chesmar Homes LLC	3,726,559	0.84%
Perry Homes LLC	3,553,906	0.80%
Round Rock Gas Station Holdings LLC	2,948,620	0.66%
	<u>\$ 50,279,364</u>	<u>11.29%</u>

(a) The Developer.

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TAXING PROCEDURES

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

TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . . Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within the county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Williamson Central Appraisal District (“WCAD”) has the responsibility for appraising property for all taxing units within Williamson County, including the District. Such appraisal values are subject to review and change by the Williamson Central Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran if such rating is less than 100%. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such a veteran is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See “TAX DATA.”

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

Tax Abatement: Williamson County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

Freeport Goods and Goods-in-Transit Exemptions: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating

for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

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

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

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

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

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

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

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual

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

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

The Board of Directors has determined that the District is a Developing District for purposes of the 2024 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

DISTRICT’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District’s tax lien is on a parity with tax liens of such other taxing units. See “FINANCIAL STATEMENT – Estimated Overlapping Debt Statement.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem residential homestead property within two years after the purchaser’s deed issued at the foreclosure sale is filed in the county records other property may be redeemed by a taxpayer within 180 days of such filing) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See “RISK FACTORS – Tax Collections and Foreclosure Remedies.”

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

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

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

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

To the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

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LEGAL MATTERS

LEGAL PROCEEDINGS . . . Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT – General,” “THE DISTRICT – Management,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Austin, Texas, as Disclosure Counsel for the District.

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

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

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

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

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District’s financial advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District’s financial advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing

representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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

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

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

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

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

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

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

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original

issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

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

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

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "THE SYSTEM – Table 1 – Operating Revenues and Expenses Statement," "THE SYSTEM – Table 2 – Projected Debt Service Schedule," "FINANCIAL STATEMENT – Table 3 – Assessed Value" (with the exceptions of: Table 4 – Unlimited Tax Bonds Authorized but Unissued," "Table 5 – Cash and Investment Balance," "Table 6 – Current Investments," and "Estimated Overlapping Debt Statement"), "TAX DATA – Table 7 – Tax Collections;" "TAX DATA – Table 8 – District Tax Rates," and in APPENDIX A – Audited Financial Statement of the District. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025 to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available information which include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

EVENT NOTICES . . . The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person;

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the past five years, the District has complied in all material respects with its prior continuing disclosure agreements in accordance with SEC Rule 15c2-12.

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of the Financial Advisor, which firm is currently employed as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

OFFICIAL STATEMENT

PREPARATION . . . The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See “THE DISTRICT.” The Board in its official capacity has relied upon the below mentioned experts and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from sources including: the Developers; Jones-Heroy & Associates, Inc.; Municipal Accounts & Consulting, LLC.; and Allen Boone Humphries Robinson LLP.

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

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

particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

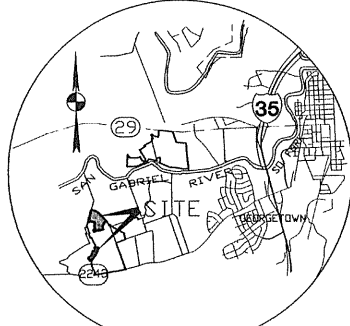
This Official Statement was approved by the Board of Directors of Williamson County Municipal Utility District No. 25, as of the date shown on the first page hereof.

Secretary, Board of Directors
Williamson County Municipal Utility District No. 25

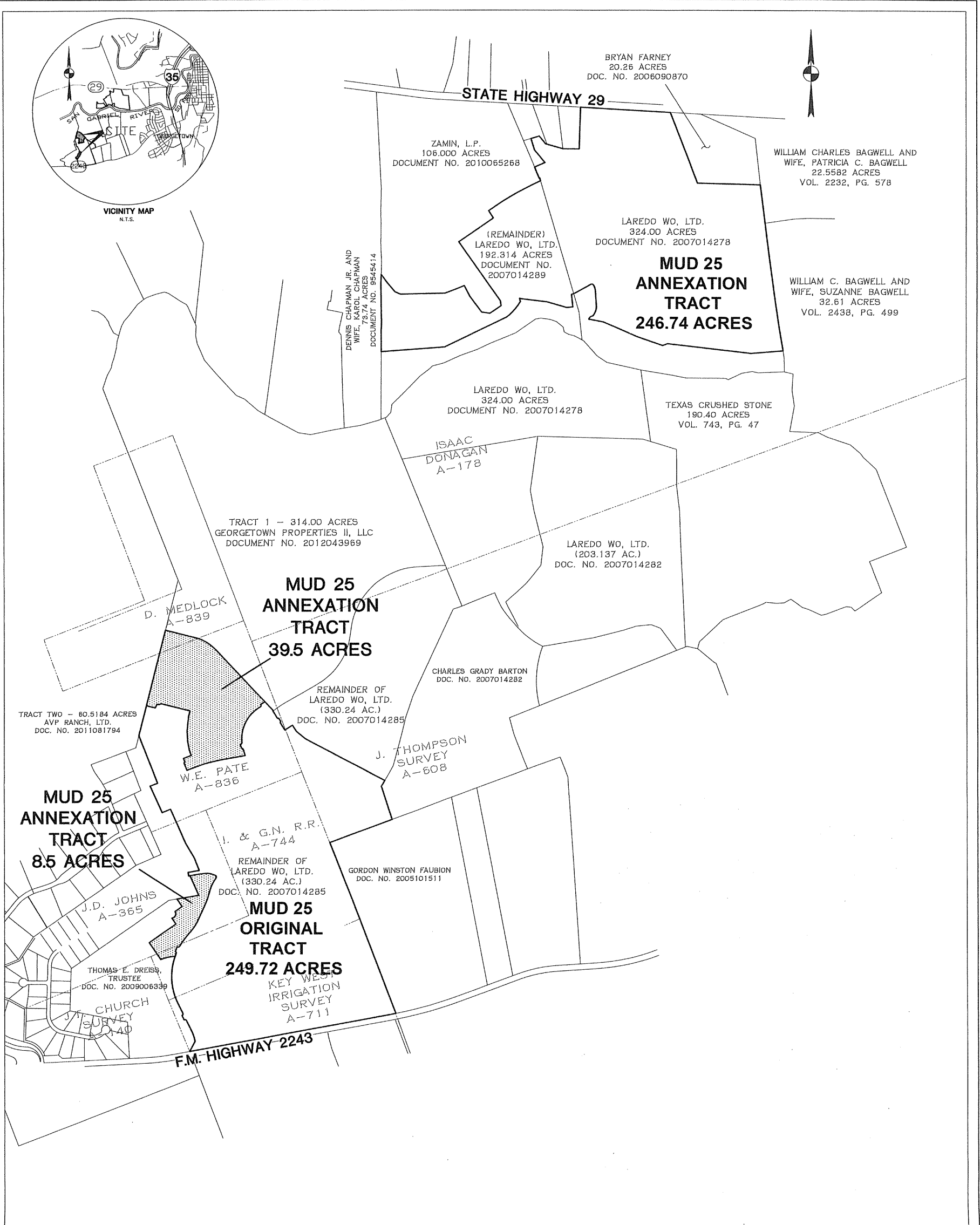
President, Board of Directors
Williamson County Municipal Utility District No. 25

LOCATION MAP

DATE PLOTTED: 11/20/13 11:20:13 AM BY: JTB



VICINITY MAP
N.T.S.



SURVEYOR'S CERTIFICATION:
THIS DOCUMENT WAS PREPARED UNDER 22 TAC 663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.

11/20/13
JOHN T. BILNOSKI
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 4998
STATE OF TEXAS



Scale: 1"=300'	Date: 11/20/13
File: H:\101399\101399008EX13.dwg	
COGO: 101399003	
Drawn by: GA	
Approved by: JTB	
Project No.: R0101399-10008	

**WILLIAMSON COUNTY
MUNICIPAL UTILITY
DISTRICT NO. 25**

BOUNDARY EXHIBIT OF
WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT
NO. 25, SITUATED IN WILLIAMSON COUNTY, TEXAS

BURY
221 West Sixth Street, Suite 600
Austin, Texas 78701
Tel: (512) 328-0011 Fax: (512) 328-0325
TBPE # F-1048 TBPLS # F-10107500
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1
OF 2
SHEET

PHOTOGRAPHS

The homes shown in the attached photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction.

The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."





APPENDIX A

**AUDITED FINANCIAL STATEMENT OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Williamson County Municipal
Utility District No. 25
Williamson County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Municipal Utility District No. 25 (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the Other Supplementary Information included in the annual report. The Other Supplementary Information 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 Supplementary 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.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 17, 2023

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Management’s discussion and analysis of the financial performance of Williamson County Municipal Utility District No. 25 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the District’s financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund including property tax revenues as well as general and administrative expenditures. The Debt Service Fund accounts for financial resources restricted, committed or assigned for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$4,213,112 as of June 30, 2023. A portion of the District’s net position reflects its net investment in capital assets which includes land, storm water quality ponds and intangible assets less any debt used to acquire those assets that is still outstanding.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A comparative analysis of government-wide changes in net position is presented below:

	Summary of Changes in the Statement of Net Position		
	2023	2022	Change Positive (Negative)
Current and Other Assets	\$ 2,422,403	\$ 2,241,403	\$ 181,000
Capital Assets (Net of Accumulated Depreciation)	3,356,097	3,634,250	(278,153)
Intangible Assets	48,578,771	36,283,998	12,294,773
Total Assets	\$ 54,357,271	\$ 42,159,651	\$ 12,197,620
Due to Developers	\$ 26,154,975	\$ 28,219,878	\$ 2,064,903
Bonds Payable	31,984,756	14,007,235	(17,977,521)
Other Liabilities	430,652	204,396	(226,256)
Total Liabilities	\$ 58,570,383	\$ 42,431,509	\$ (16,138,874)
Net Position:			
Net Investment in Capital Assets	\$ (6,064,696)	\$ (2,000,565)	\$ (4,064,131)
Restricted	1,327,428	748,080	579,348
Unrestricted	524,156	980,627	(456,471)
Total Net Position	\$ (4,213,112)	\$ (271,858)	\$ (3,941,254)

The following table summarized the District's operations for the current and prior fiscal year:

	Summary of Changes in the Statement of Activities		
	2023	2022	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 1,968,403	\$ 1,203,956	\$ 764,447
Other Revenues	91,509	9,691	81,818
Total Revenues	\$ 2,059,912	\$ 1,213,647	\$ 846,265
Total Expenses	6,001,166	1,949,440	(4,051,726)
Change in Net Position	\$ (3,941,254)	\$ (735,793)	\$ (3,205,461)
Net Position, Beginning of Year	(271,858)	463,935	(735,793)
Net Position, End of Year	\$ (4,213,112)	\$ (271,858)	\$ (3,941,254)

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2023, were \$2,309,497, an increase of \$143,324 for the year then ended.

The General Fund fund balance decreased by \$766,118, primarily due to \$881,255 in surplus funds approved to reimburse the developer for construction costs and payment of developer interest.

The Debt Service Fund fund balance increased by \$771,775, primarily due to the structure of the District's outstanding debt and the issuance of the Series 2022 Utility Bonds and Series 2023 Utility Bonds.

The Capital Projects Fund fund balance increased to \$137,667 at the end of fiscal year 2023 after the proceeds from the Series 2022 Utility Bonds and Series 2023 Utility Bonds were used to reimburse the developers for construction costs and to pay for developer interest, bond issuance costs and future interest costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year which was not amended during the year. Actual revenues were \$168,218 more than budgeted revenues, actual expenditures were \$961,022 more than budgeted expenditures, and unbudgeted transfers in totaled \$48,000. The result was an overall negative budget versus actual variance of \$744,804.

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of June 30, 2023, totaled \$3,356,097 (net of accumulated depreciation) and include land and storm water quality ponds.

Capital Assets At Year-End			
	2023	2022	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	\$ 482,114	\$ 197,480	\$ 284,634
Capital Assets Subject to Depreciation:			
Storm Water Quality Ponds	3,279,326	3,780,880	(501,554)
Less Accumulated Depreciation	(405,343)	(344,110)	(61,233)
Total Net Capital Assets	\$ 3,356,097	\$ 3,634,250	\$ (278,153)

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

The District is located within the extraterritorial jurisdiction of the City of Georgetown, Texas (the “City”). In accordance with the First Amendment to the Second Amended and Restated Consent Agreement, dated June 8, 2021 (the “Consent Agreement”) with the City, certain water and wastewater facilities are conveyed to the City once constructed and placed in service. The City operates the facilities and is responsible for the maintenance. Drainage and roadways are conveyed to Williamson County, Texas for maintenance. In exchange for these conveyances, the District’s residents receive services from these entities and the District records the assets conveyed and used in providing these services as intangible assets. The total cost of the facilities conveyed to other entities and recorded as intangible assets as of June 30, 2023 is \$48,578,771.

LONG-TERM DEBT ACTIVITY

As of June 30, 2023, the District recorded a liability to its developer of \$26,152,475 for construction costs and \$2,500 for operating advances paid by the Developer on behalf of the District.

The District has an underlying rating of “Baa2” and the District’s bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurer. As of June 30, 2023, the District had total bond debt payable of \$32,015,000.

Changes in bonds payable during the current fiscal year is summarized in the following table:

Bond Debt Payable, July 1, 2022	\$	14,050,000
Add: Bond Sales		18,250,000
Less: Bond Principal Paid		<u>285,000</u>
Bond Debt Payable, June 30, 2023	\$	<u><u>32,015,000</u></u>

On November 17, 2022, the District issued \$9,000,000 of Unlimited Tax Bonds, Series 2022, with interest rates ranging from 4.00% to 6.50% and final maturity of August 15, 2047. Bond proceeds were used to reimburse the developers for construction costs and to pay for developer interest, bond issuance costs and future interest costs.

On May 18, 2023, the District issued \$9,250,000 of Unlimited Tax Bonds, Series 2023, with interest rates ranging from 4.00% to 5.00% and final maturity of August 15, 2047. Bond proceeds were used to reimburse the developers for construction costs and to pay for developer interest and bond issuance costs.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2024 projects an increase in the General Fund fund balance of \$46,420. Revenues are expected to be \$680,335 and expenditures are expected to be \$633,915.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Williamson County Municipal Utility District No. 25, c/o Allen Boone Humphries Robinson LLP, 919 Congress Ave., Suite 1500, Austin, Texas 78701.

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**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023**

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 23,073	\$
Investments	550,086	1,667,870
Receivables:		
Property Taxes	9,463	17,692
Accrued Interest	8,128	
Due from Other Funds	19,154	
Prepaid Costs	2,503	
Capital Assets (Net of Accumulated Depreciation):		
Land		
Storm Water Quality Ponds		
Intangible Assets		
TOTAL ASSETS	\$ 612,407	\$ 1,685,562

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 7	\$ 23,080	\$	\$ 23,080
143,581	2,361,537		2,361,537
	27,155		27,155
	8,128		8,128
	19,154	(19,154)	
	2,503		2,503
		482,114	482,114
		2,873,983	2,873,983
		<u>48,578,771</u>	<u>48,578,771</u>
<u>\$ 143,588</u>	<u>\$ 2,441,557</u>	<u>\$ 51,915,714</u>	<u>\$ 54,357,271</u>

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2023**

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 85,751	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		13,233
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 85,751	\$ 13,233
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 9,463	\$ 17,692
FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 2,503	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,654,637
Unassigned	514,690	
TOTAL FUND BALANCES	\$ 517,193	\$ 1,654,637
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 612,407	\$ 1,685,562
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 85,751	\$	\$ 85,751
		344,901	344,901
		26,154,975	26,154,975
5,921	19,154	(19,154)	
		300,000	300,000
		31,684,756	31,684,756
<u>\$ 5,921</u>	<u>\$ 104,905</u>	<u>\$ 58,465,478</u>	<u>\$ 58,570,383</u>
<u>\$ -0-</u>	<u>\$ 27,155</u>	<u>\$ (27,155)</u>	<u>\$ -0-</u>
\$	\$ 2,503	\$ (2,503)	\$
137,667	137,667	(137,667)	
	1,654,637	(1,654,637)	
	514,690	(514,690)	
<u>\$ 137,667</u>	<u>\$ 2,309,497</u>	<u>\$ (2,309,497)</u>	<u>\$ - 0 -</u>
<u>\$ 143,588</u>	<u>\$ 2,441,557</u>		
		\$ (6,064,696)	\$ (6,064,696)
		1,327,428	1,327,428
		524,156	524,156
		<u>\$ (4,213,112)</u>	<u>\$ (4,213,112)</u>

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balances - Governmental Funds	\$	2,309,497
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		51,934,868
--	--	------------

Deferred tax revenues for the 2022 and prior tax levies became part of recognized revenue in the governmental activities of the District.		27,155
---	--	--------

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

Accrued Interest Payable	(344,901)	
Due to Developers	(26,154,975)	
Bonds Payable	<u>(31,984,756)</u>	<u>(58,484,632)</u>
Total Net Position - Governmental Activities		<u>\$ (4,213,112)</u>

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

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**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 681,031	\$ 1,272,486
Penalty and Interest	652	1,226
Investment and Miscellaneous Revenues	38,986	49,644
TOTAL REVENUES	\$ 720,669	\$ 1,323,356
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 288,097	\$
Contracted Services	71,656	800
Repairs and Maintenance	179,050	
Depreciation		
Other	59,844	
Capital Outlay	881,255	
Developer Interest	54,486	
Debt Service:		
Bond Principal		285,000
Bond Interest		478,116
Bond Issuance Costs	399	
TOTAL EXPENDITURES/EXPENSES	\$ 1,534,787	\$ 763,916
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	\$ (814,118)	\$ 559,440
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 48,000	\$
Proceeds from Issuance of Long-Term Debt		212,335
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES, NET	\$ 48,000	\$ 212,335
NET CHANGE IN FUND BALANCES	\$ (766,118)	\$ 771,775
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2022	1,283,311	882,862
FUND BALANCES/NET POSITION - JUNE 30, 2023	\$ 517,193	\$ 1,654,637

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,953,517	\$ 14,886	\$ 1,968,403
	1,878		1,878
1,001	89,631		89,631
<u>\$ 1,001</u>	<u>\$ 2,045,026</u>	<u>\$ 14,886</u>	<u>\$ 2,059,912</u>
\$	\$ 288,097	\$	\$ 288,097
	72,456		72,456
	179,050		179,050
		61,233	61,233
	59,844		59,844
13,261,501	14,142,756	(14,142,756)	
3,018,306	3,072,792		3,072,792
	285,000	(285,000)	
	478,116	206,481	684,597
1,582,698	1,583,097		1,583,097
<u>\$ 17,862,505</u>	<u>\$ 20,161,208</u>	<u>\$ (14,160,042)</u>	<u>\$ 6,001,166</u>
<u>\$ (17,861,504)</u>	<u>\$ (18,116,182)</u>	<u>\$ 14,174,928</u>	<u>\$ (3,941,254)</u>
\$ (48,000)	\$	\$	\$
18,037,665	18,250,000	(18,250,000)	
(297,175)	(297,175)	297,175	
306,681	306,681	(306,681)	
<u>\$ 17,999,171</u>	<u>\$ 18,259,506</u>	<u>\$ (18,259,506)</u>	<u>\$ -0-</u>
\$ 137,667	\$ 143,324	\$ (143,324)	\$
		(3,941,254)	(3,941,254)
	2,166,173	(2,438,031)	(271,858)
<u>\$ 137,667</u>	<u>\$ 2,309,497</u>	<u>\$ (6,522,609)</u>	<u>\$ (4,213,112)</u>

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023**

Net Change in Fund Balances - Governmental Funds	\$	143,324
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		14,886
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(61,233)
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Capital outlay is an expenditure in the governmental funds and is shown as either a reduction in the liability to the developer in the government-wide financial statements or as capital assets or intangible assets.		14,142,756
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Governmental funds report bond premiums and discounts as other financing sources and uses in the year paid. However, in the Statement of Net Position, bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(12,521)
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		285,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(203,466)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.		<u>(18,250,000)</u>
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Change in Net Position - Governmental Activities	\$	<u>(3,941,254)</u>
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The accompanying notes to the financial statements are an integral part of this report.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1. CREATION OF DISTRICT

Williamson County Municipal Utility District No. 25 (the “District”) was created, organized and established on December 10, 2009. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water and wastewater services, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is governed by a five-member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District held its first meeting on February 24, 2010 and its first bonds were sold on August 29, 2019.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

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

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

Government-Wide Financial Statements

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

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

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund. The General Fund accounts for property tax revenues, professional fees and general expenditures. The Debt Service Fund accounts for financial resources restricted, committed or assigned for servicing bond debt. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

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

The Debt Service Fund owed the General Fund \$13,233 related to tax collections. The Capital Projects Fund owed the General Fund \$5,921 related to bond issuance costs.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include land and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Interest costs, including developer interest, are not capitalized as part of the asset; however, engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives of storm water quality ponds are 45 years.

Intangible Assets

The District is located within the extraterritorial jurisdiction of the City of Georgetown, Texas (the "City"). In accordance with the Consent Agreement with the City (Note 7), certain water and wastewater facilities are conveyed to the City once constructed and placed in service. The City operates the facilities and is responsible for the maintenance of these facilities. Drainage facilities and roadways are conveyed to Williamson County, Texas for maintenance. In exchange for these conveyances, the District's residents receive water, wastewater, and drainage service rights from these entities, which are recorded as intangible assets. The term of the agreement will be from the effective date of the agreement and continue in effect until the District is dissolved and its obligations are fully assumed by the City, at the City's sole election, or until terminated in writing by mutual agreement. As the agreement has no specific termination date, the intangible assets have an indefinite useful life and no amortization has been recognized.

Budgeting

An unappropriated budget was adopted for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balance provides an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources.

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2019	Series 2021	Series 2022	Series 2023
Amounts Outstanding – June 30, 2023	\$ 7,865,000	\$ 5,900,000	\$ 9,000,000	\$ 9,250,000
Interest Rates	2.10% - 3.375%	2.00% - 2.625%	4.00% - 6.50%	4.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	August 15, 2023/2039	August 15, 2024/2046	August 15, 2024/2047	August 15, 2025/2047
Interest Payment Dates	August 15/ February 15	August 15/ February 15	August 15/ February 15	August 15/ February 15
Callable Dates	August 15, 2024*	August 15, 2026*	August 15, 2027*	August 15, 2028*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2019 term bonds due August 15, 2039, Series 2021 term bonds due August 15, 2046, Series 2022 term bonds due August 15, 2034, 2037, 2039, 2041, 2044 and 2047 and Series 2023 term bonds due August 15, 2045 and 2047 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on August 15 in the years and amounts as reflected in the debt service schedules.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

On November 17, 2022, the District issued \$9,000,000 of Unlimited Tax Bonds, Series 2022, with interest rates ranging from 4.00% to 6.50%. The net proceeds of \$8,263,871 (after payment of underwriter fees and other bond related costs) were used to finance developer funded construction costs, fund future interest payments and to pay subsequent bond issue costs.

On May 18, 2023, the District issued \$9,250,000 of Unlimited Tax Bonds, Series 2023, with interest rates ranging from 4.00% to 5.00%. The net proceeds of \$8,503,270 (after payment of underwriter fees and other bond related costs) were used to finance developer funded construction costs and to pay subsequent bond issue costs.

As of June 30, 2023, the District had authorized but unissued bonds in the amount of \$770,700,000 for utility facilities, \$156,000,000 for parks and recreation facilities and \$60,000,000 for roads. These authorizations can also be used to refund bonds previously issued.

The following is a summary of transactions regarding long-term liabilities for the year ended June 30, 2023:

	July 1, 2022	Additions	Retirements	June 30, 2023
Bonds Payable	\$ 14,050,000	\$ 18,250,000	\$ 285,000	\$ 32,015,000
Unamortized Discounts	(93,145)	(297,175)	(9,900)	(380,420)
Unamortized Premiums	50,380	306,681	6,885	350,176
Bonds Payable, Net	\$ 14,007,235	\$ 18,259,506	\$ 281,985	\$ 31,984,756
		Amount Due Within One Year		\$ 300,000
		Amount Due After One Year		31,684,756
		Bonds Payable, Net		\$ 31,984,756

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended June 30, 2023, the District levied an ad valorem debt service tax rate of \$0.60 per \$100 of assessed valuation, which resulted in a tax levy of \$1,259,662 on the adjusted taxable valuation of \$209,764,602 for the 2022 tax year. See Note 6 for the maintenance tax levy.

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 300,000	\$ 1,076,954	\$ 1,376,954
2025	680,000	1,160,823	1,840,823
2026	940,000	1,130,938	2,070,938
2027	985,000	1,093,451	2,078,451
2028	1,030,000	1,053,792	2,083,792
2029-2033	5,960,000	4,639,094	10,599,094
2034-2038	7,565,000	3,490,979	11,055,979
2039-2043	7,350,000	2,075,299	9,425,299
2044-2048	7,205,000	723,802	7,928,802
	<u>\$ 32,015,000</u>	<u>\$ 16,445,132</u>	<u>\$ 48,460,132</u>

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

The District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$363,080 and the bank balance was \$379,914. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2023, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 23,073	\$ 340,000	\$ 363,073
CAPITAL PROJECTS FUND	7		7
TOTAL DEPOSITS	\$ 23,080	\$ 340,000	\$ 363,080

Investments

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

The District records its investments in certificates of deposit at acquisition cost.

As of June 30, 2023, the District had the following investments and maturities:

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 210,086	\$ 210,086
Certificates of Deposit	340,000	340,000
<u>DEBT SERVICE FUND</u>		
TexPool	1,667,870	1,667,870
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>143,581</u>	<u>143,581</u>
TOTAL INVESTMENTS	<u>\$ 2,361,537</u>	<u>\$ 2,361,537</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was rated AAAM by Standard & Poor's Rating Agency. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. MAINTENANCE TAX

On May 8, 2010, the voters of the District approved the levy and collection of a maintenance tax for operations and maintenance of all District facilities not to exceed \$1.20 per \$100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.32 per \$100 of assessed valuation, which resulted in a tax levy of \$671,820 on the adjusted taxable valuation of \$209,764,602 for the 2022 tax year.

Road Facilities

On May 8, 2010, the voters of the District approved the levy and collection of a maintenance tax for operation and maintenance of road facilities not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. A road facilities tax was not assessed during the current year.

NOTE 7. CONSENT AGREEMENT

The City of Georgetown, Texas (the “City”) and Laredo W.O., Ltd. (the “Developer”) previously entered into a Consent Agreement. Upon its creation, the District became a party to the agreement. The agreement was amended on January 11, 2012, October 17, 2019 and June 8, 2021 between the City, the Developer, HM Parkside, L.P., HM CR 176-2243, L.P. and the District.

The agreement provides for the Developer to pay the City an administrative fee of \$50,000 and a master development fee in addition to any other applicable City fees and sums due under this agreement. The master development fee equal to the engineer’s cost estimate will be paid to the City out of the net developer reimbursement from the proceeds from the issuance of bonds at a rate of 10% of each net bond reimbursement received by the Developer. The District agrees not to issue bonds for the purposes of reimbursing the Developer for any costs or expenses paid by the Developer after the 15th anniversary of the date of the first issuance of bonds.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7. CONSENT AGREEMENT (Continued)

The Developer or the District will construct, at no cost to the City, all off-site and on-site facilities necessary to service the land within the District in accordance with the terms and conditions of this agreement and all applicable City ordinances and construction standards.

The Developer or the District will convey all off-site and on-site facilities that the Developer or the District constructs to the City for ownership, operation and maintenance. Water services for all other areas of the District will be provided by the City on a retail basis at a rate applicable for customers located outside of the City limits. Wastewater and garbage services for the District will be provided by the City.

In consideration of the City's consent to the creation of the District, the District agrees that any Commission order approving a bond issue must contain a finding that it is feasible to sell the bonds and maintain a projected District total tax rate (both debt service and operation and maintenance portion) of not more than \$0.92 per \$100 in assessed valuation.

The City agrees that it will not annex any land within the District until (a) the expiration or termination of this agreement between the City and the District or (b) at least 90 percent of the developable acreage within the District has been developed with water, wastewater and drainage facilities and (i) the Developer has been reimbursed by the District for those facilities or (ii) the City has expressly agreed to assume the obligation to reimburse the Developer.

The term of the agreement will be from the effective date of this agreement and continue in effect until the District is dissolved and its obligations are fully assumed by the City, at the City's sole election, or until terminated in writing by mutual agreement.

NOTE 8. WATER SERVICES AGREEMENT

The District will construct, at its sole cost, all internal facilities required to extend retail water services, including facilities and equipment required to connect the internal facilities to the City's water system. Once completed, the City will accept the completed facilities for operation, and within 30 days the District will convey the completed facilities to the City.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9. RISK MANAGEMENT

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

NOTE 10. UNREIMBURSED COSTS

The District has executed reimbursement agreements with certain Developers of property within the District which call for the Developers to fund costs associated with the construction of utilities, roads, and recreational facilities. As of June 30, 2023, the District has recorded a liability of \$26,152,475 for completed facilities. Reimbursement is contingent on the future sale of bonds to the extent approved by the Commission.

The agreements also called for the Developers to fund operating costs of the District during the early stages of development. To date, the Developers have advanced a total of \$2,500 to cover operating costs which have not yet been reimbursed.

The following table summarizes the current fiscal year activity related to unreimbursed Developer costs:

Due to Developers, July 1, 2022	\$	28,219,878
Add: Additional Amounts Owed		12,077,853
Less: Amounts Reimbursed		<u>14,142,756</u>
Due to Developers, June 30, 2023	\$	<u>26,154,975</u>

NOTE 11. CAPITAL ASSETS AND INTANGIBLE ASSETS

The total cost of water, sewer, drainage and road infrastructure constructed and conveyed to other entities for ownership and maintenance are recorded as intangible assets.

Intangible asset activity for the current fiscal year is summarized in the following table:

	July 1, 2022	Increases	Decreases	June 30, 2023
Intangible Assets -				
Right to Receive Service	<u>\$ 36,283,998</u>	<u>\$ 12,294,773</u>	<u>\$ - 0 -</u>	<u>\$ 48,578,771</u>

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2022	Increases	Decreases	June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ 197,480	\$ 284,634	\$ -0-	\$ 482,114
Capital Assets Subject to Depreciation				
Storm Water Quality Ponds	\$ 3,780,880	\$ -0-	\$ 501,554	\$ 3,279,326
Accumulated Depreciation				
Storm Water Quality Ponds	\$ 344,110	\$ 61,233	\$ -0-	\$ 405,343
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,436,770</u>	<u>\$ (61,233)</u>	<u>\$ 501,554</u>	<u>\$ 2,873,983</u>
Total Assets, Net of Accumulated Depreciation	<u>\$ 3,634,250</u>	<u>\$ 223,401</u>	<u>\$ 501,554</u>	<u>\$ 3,356,097</u>

NOTE 12. SUBSEQUENT EVENT – PENDING BOND SALE

On August 15, 2023, the District approved the preparation of the preliminary official statement and official notice of sale for the Series 2023, Unlimited Tax Road Bonds in the amount of \$10,590,000. The District anticipates closing on the sale of bonds on November 29, 2023. Proceeds from the bonds will be used to reimburse the Developers for road infrastructure construction projects including related land and engineering costs as well as to pay for developer interest and bond issuance costs.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25**

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 25
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 540,926	\$ 681,031	\$ 140,105
Penalty and Interest	1,015	652	(363)
Investment and Miscellaneous Revenues	<u>10,510</u>	<u>38,986</u>	<u>28,476</u>
TOTAL REVENUES	<u>\$ 552,451</u>	<u>\$ 720,669</u>	<u>\$ 168,218</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 284,000	\$ 288,097	\$ (4,097)
Contracted Services	75,215	71,656	3,559
Repairs and Maintenance	170,600	179,050	(8,450)
Other	43,950	59,844	(15,894)
Capital Outlay		881,255	(881,255)
Developer Interest		54,486	(54,486)
Bond Issuance Costs		<u>399</u>	<u>(399)</u>
TOTAL EXPENDITURES	<u>\$ 573,765</u>	<u>\$ 1,534,787</u>	<u>\$ (961,022)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (21,314)</u>	<u>\$ (814,118)</u>	<u>\$ (792,804)</u>
OTHER FINANCING SOURCES			
Transfers In	<u>\$ -0-</u>	<u>\$ 48,000</u>	<u>\$ 48,000</u>
NET CHANGE IN FUND BALANCE	\$ (21,314)	\$ (766,118)	\$ (744,804)
FUND BALANCE - JULY 1, 2022	<u>1,283,311</u>	<u>1,283,311</u>	<u></u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 1,261,997</u>	<u>\$ 517,193</u>	<u>\$ (744,804)</u>

See accompanying independent auditor's report.